



**Dallas, Oregon**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

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**POLK COUNTY**

**OFFICERS AND MEMBERS OF THE GOVERNING BODY  
For the Year Ended June 30, 2018**

**ADMINISTRATIVE OFFICER**

Gregory P. Hansen

**COMMISSIONERS**

**TERM EXPIRATION**

Craig Pope  
15040 Airlie Rd.  
Monmouth, OR 97361

January 7, 2019

Mike Ainsworth  
PO Box 652  
Monmouth, OR 97361

January 7, 2019

Jennifer Wheeler  
441 N. 13th  
Independence, OR 97351

January 4, 2021

**ELECTED OFFICIALS**

Douglas Schmidt, Assessor  
Valerie Unger, Clerk  
Aaron Felton, District Attorney  
Mark Garton, Sheriff  
Linda Fox, Treasurer

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
**POLK COUNTY**  
Dallas, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **POLK COUNTY**, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of POLK COUNTY, as of June 30, 2018, the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Public Works and Behavioral Health Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 1R to the financial statements, the County implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages i through ix, and the schedules on pages 60 - 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County's basic financial statements. The combining statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining statements, individual fund schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, individual fund schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

Reports on Other Legal and Regulatory Requirements

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Other Reporting Required by Oregon State Regulations*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 31, 2018, on our consideration of the County's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 31, 2018

By:



Bradley G. Bingenheimer, Member

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**POLK COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

The management of Polk County, Oregon presents this narrative overview and analysis of the financial activities, for the fiscal year ended June 30, 2018. This discussion and analysis is intended to serve as an introduction to the basic financial statements as well as provide additional information to readers. We encourage readers to consider this information in conjunction with the accompanying financial statements. This narrative is based on currently known facts, decisions and conditions that existed as of the date of the independent auditors' report.

**Financial Highlights**

- The County's assets exceeded its liabilities by \$39,961,203 at June 30, 2018, on its government-wide statement of net position. Of this amount, \$42,487,078 is the net investment in capital assets and \$11,078,240 is restricted for various purposes.
- The County's total net position decreased \$3,077,213 during the current fiscal year. This decrease is attributable to expenses in excess of revenue. Expenses include \$3,281,128 for depreciation, a non-cash expense. Expenses in the current year were increased by pension cost adjustments (\$1,738,525) and decreased by OPEB cost adjustments (\$37,624) required by governmental accounting standards.
- At June 30, 2018, unassigned fund balance for the General Fund was \$5,052,305, or approximately 25% of total General Fund expenditures for the year.
- Due to a change in governmental accounting standards (GASB 68), reporting for the County pension plan (PERS) has changed dramatically. Previously pension expense had been recognized when paid and there were no assets or liabilities for the pension shown on the Statement of Net Position. Starting with the fiscal year ended June 30, 2015, pension costs and pension-related assets and liabilities are recognized in accordance with the new standard. Actual pension costs paid during this fiscal year were \$2,875,323, but due to adjustments required by GASB 68, pension expense for the year was increased by \$1,738,525. Total pension expense included in the current financial statements is \$4,613,848. This new standard is likely to produce large shifts in pension costs and pension liability from year to year in the future.

**Overview of the Financial Statements**

The County's basic financial statements are made up of three components:

1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

**Government-wide financial statements** are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business.

- The statement of net position presents information on all assets and liabilities of the County, with the difference between the two reported as net position. Over time, increases or decreases in net position may be a useful indicator of whether the financial position of the County is improving or deteriorating.
- The statement of activities presents a summary of current fiscal year income and expense and shows how the County's net position changed during the year on an accrual basis. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused employee vacation leave).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Overview of the Financial Statements (continued)

It is required that both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). All functions of Polk County are classified as governmental activities.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund financial statements** are financial reports that provide more detail than the government-wide financial statements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Polk County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into three categories: governmental, proprietary and fiduciary.

- **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements are presented on a modified-accrual basis. The measurement focus for the fund statements is based on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the County's near-term financing requirements.

The County maintains 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Public Works and Behavioral Health Funds, all of which are considered to be major governmental funds. Data for the other 20 governmental funds are combined into a single aggregated presentation. The Polk County Extension District is considered a component unit of the County and, for the purposes of the financial statements, is included with the County governmental funds. Financial information for governmental funds is included on pages 3 through 16 in this report and is reconciled to the government-wide statements on pages 4 and 6. Individual fund data for each of the non-major funds is provided in the form of combining and individual fund statements and schedules on pages 67 through 94 in this report.

- **Proprietary funds** are used by the County to allocate costs internally among various functions and to report business-type activities. The County currently maintains no business-type activities, but uses proprietary internal service funds to account for overall management activities including finance, Board of Commissioners, insurance and risk management, fleet management, telephone and data processing, mail processing and facilities management. Because these services benefit governmental functions, they have been included with governmental activities in the government-wide financial statements. Summary information about Polk County's internal service funds is contained on pages 17-19 and detailed fund information can be found on pages 95 through 101 of this report.
- **Fiduciary funds** (agency funds) are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds do not belong to the County and are not available to support County programs. The County maintains agency funds for taxing districts, for inmates at the jail and various other miscellaneous trust accounts as the need arises. Information about Agency fund activity for the year is located on pages 20 and 102 of this report.

The County adopts an annual appropriated budget for all governmental and proprietary funds. Budgetary comparison statements have been provided for each fund to demonstrate compliance with budget.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Overview of the Financial Statements (continued)

#### Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

#### Required Supplementary Information

Accounting standards generally accepted in the United States of America provide for certain required supplementary information to supplement the County's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. This required supplementary information is presented on pages 62 - 66.

#### Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information required by State regulations and by the Federal government. This supplementary information is presented on pages 67-103.

#### Government-wide Financial Analysis

Assets exceeded liabilities by \$39,961,203 at June 30, 2018. Net investment in capital assets is \$42,487,078 which is greater than the total net position. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

#### NET POSITION

| Assets  | 6/30/2017            | 6/30/2018            | Change                |
|---|----------------------|----------------------|-----------------------|
| Current assets                                | \$ 18,129,269        | \$ 18,951,972        | \$ 822,703            |
| Capital assets, net                           | 46,311,241           | 44,372,078           | (1,939,163)           |
| <b>Total Assets</b>                           | 64,440,510           | 63,324,050           | (1,116,460)           |
| Deferred outflows                             | 14,493,408           | 9,466,507            | (5,026,901)           |
| <b>Total Assets and Deferred Outflows</b>     | <b>78,933,918</b>    | <b>72,790,557</b>    | <b>(6,143,361)</b>    |
| Current liabilities                           | 2,413,134            | 2,723,882            | 310,748               |
| Long-term liabilities                         | 3,994,883            | 3,759,516            | (235,367)             |
| Net pension liability                         | 26,737,435           | 24,132,865           | (2,604,570)           |
| <b>Total Liabilities</b>                      | 33,145,452           | 30,616,263           | (2,529,189)           |
| Deferred inflows                              | 2,750,050            | 2,213,091            | (536,959)             |
| <b>Total Liabilities and Deferred Inflows</b> | <b>35,895,502</b>    | <b>32,829,354</b>    | <b>(3,066,148)</b>    |
| Net Position                                  |                      |                      |                       |
| Net investment in capital assets              | 44,234,142           | 42,487,078           | (1,747,064)           |
| Restricted                                    | 10,678,608           | 11,078,240           | 399,632               |
| Unrestricted                                  | (11,874,334)         | (13,604,115)         | (1,729,781)           |
| <b>Total Net Position</b>                     | <b>\$ 43,038,416</b> | <b>\$ 39,961,203</b> | <b>\$ (3,077,213)</b> |

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

### **Government-wide Financial Analysis (continued)**

During the year, current assets increased \$822,703. Cash and investments increased \$960,077, and other current assets decreased \$137,374.

Net capital assets decreased \$1,939,163. During the year, the capital asset balance increased \$1,345,356 for assets acquired, decreased \$3,281,128 for annual depreciation expense, and decreased \$3,391 for asset dispositions. Details of capital assets acquired appears later in this narrative.

At June 30, 2018, the balance of deferred outflows relating to pension was \$9,241,083, a decrease of \$5,031,342 from the prior year. At June 30, 2018, the balance of deferred outflows related to other postemployment benefits was \$225,424, an increase of \$4,441 from the prior year.

Liabilities decreased \$2,529,189 during the year. This change includes \$310,748 increase in current liabilities, \$235,367 decrease in long term liabilities and \$2,604,570 decrease in net pension liability. Accounts payable increased \$230,099, current portion of long term debt increased \$2,901 and liability for compensated absences increased \$77,748. The decrease in long-term liabilities includes \$192,099 decrease in long-term debt, the result of principal payments on bonds and other debt and \$40,367 decrease in other post-employment benefits. Deferred inflows, related to pensions, OPEB and other revenue decreased \$536,959.

Net position of the County decreased \$3,077,213 during the year. This change includes a decrease of \$1,747,064 in net investment in capital assets, increase of \$399,632 in restricted net position, and a decrease of \$1,729,781 in unrestricted net position. Net investment in capital assets is defined as the total purchase price of the capital assets owned reduced by the accumulated depreciation on those assets, less the balance of debt relating to these assets. The remaining deficit net position of \$13,604,115 is unrestricted.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Government-wide Financial Analysis (continued)

Key elements of the net position increase and a comparison with the prior year are as follows:

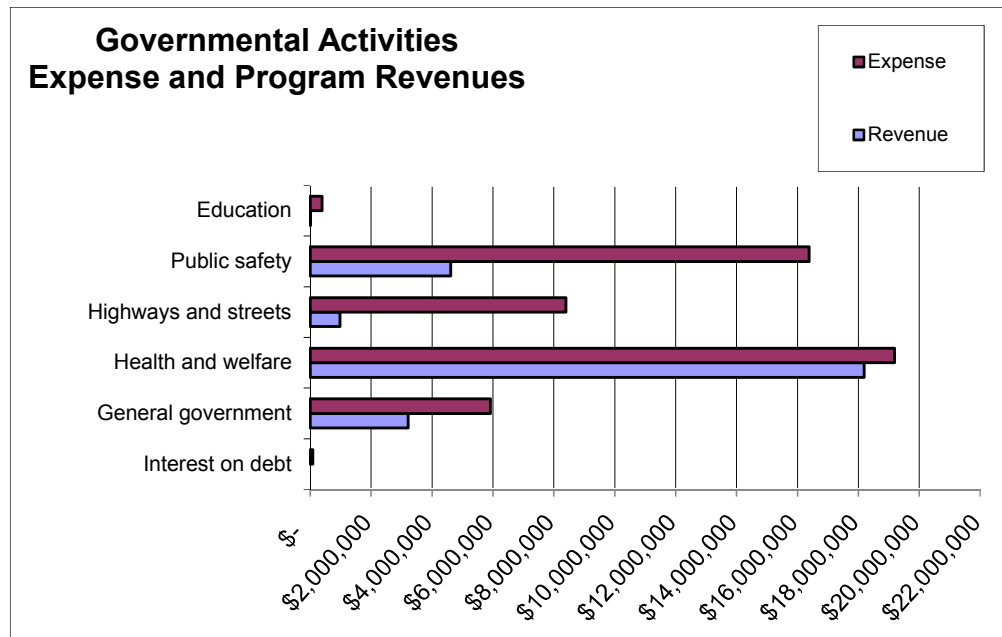
| <b>CHANGES IN NET ASSETS</b>             |                             |                             |                              |                      |
|--|-----------------------------|-----------------------------|------------------------------|----------------------|
|  | <u>6/30/2017</u>            | <u>6/30/2018</u>            | <u>Change</u>                | <u>%<br/>Inc/Dec</u> |
| <b>Program revenues:</b>                 |                             |                             |                              |                      |
| Charges for services                     | \$ 3,636,021                | \$ 3,972,368                | \$ 336,347                   | 9.3%                 |
| Program grants and contributions         | 22,046,385                  | 23,040,170                  | 993,785                      | 4.5%                 |
| <b>General revenues:</b>                 |                             |                             |                              |                      |
| Property taxes                           | 14,137,143                  | 12,140,926                  | (1,996,217)                  | -14.1%               |
| Other taxes                              | 1,267,911                   | 1,857,167                   | 589,256                      | 46.5%                |
| Other grants and contributions           | 4,659,394                   | 5,135,918                   | 476,524                      | 10.2%                |
| Forest and timber receipts               | 409,276                     | 734,831                     | 325,555                      | 79.5%                |
| Interest earnings                        | 178,092                     | 287,632                     | 109,540                      | 61.5%                |
| Miscellaneous                            | 185,005                     | 98,127                      | (86,878)                     | -47.0%               |
| <b>Total Revenues</b>                    | <b><u>46,519,227</u></b>    | <b><u>47,267,139</u></b>    | <b><u>747,912</u></b>        | <b><u>1.6%</u></b>   |
| <b>Expenses:</b>                         |                             |                             |                              |                      |
| General government                       | 4,424,029                   | 5,918,645                   | 1,494,616                    | 33.8%                |
| Public safety                            | 15,881,306                  | 16,376,957                  | 495,651                      | 3.1%                 |
| Highways and streets                     | 7,241,561                   | 8,394,976                   | 1,153,415                    | 15.9%                |
| Health and welfare                       | 16,857,122                  | 19,183,833                  | 2,326,711                    | 13.8%                |
| Education                                | 388,905                     | 389,246                     | 341                          | 0.1%                 |
| Interest on long-term debt               | 152,795                     | 80,695                      | (72,100)                     | -47.2%               |
| <b>Total Expense</b>                     | <b><u>44,945,718</u></b>    | <b><u>50,344,352</u></b>    | <b><u>5,398,634</u></b>      | <b><u>12.0%</u></b>  |
| <b>Increase (decrease) in net assets</b> | <b>1,573,509</b>            | <b>(3,077,213)</b>          | <b>(4,650,722)</b>           | <b>-295.6%</b>       |
| Beginning net assets                     | 41,278,334                  | 43,038,416                  | 1,760,082                    | 4.3%                 |
| Prior period adjustment                  | 186,573                     | -                           | 186,573                      |                      |
| <b>Ending net assets</b>                 | <b><u>\$ 43,038,416</u></b> | <b><u>\$ 39,961,203</u></b> | <b><u>\$ (3,077,213)</u></b> | <b><u>-7.1%</u></b>  |

Total revenues for the year were \$47,267,139, an increase of \$747,912 over the prior year. Revenues include direct program revenue of \$27,012,538 and general revenue of \$20,254,601. Program revenue is defined as charges for services and operating grants and revenues, which are allocable directly to programs. General revenue decreased \$582,220 (2.7%) and program revenue increased \$1,330,132 (5.2%) when compared to the prior year. Program revenues increased \$993,785 for program grants and \$336,347 for charges for services. Property tax revenue decreased by \$1,996,27 (14.1%) and miscellaneous income decreased by \$109,540 (47.0%). All other general revenues increased: other taxes \$589,256, other program grants and contribution \$476,524, forest and timber receipts \$325,555, and interest earnings \$109,540.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Government-wide Financial Analysis (continued)

Total expenses increased \$5,398,634 this year when compared to the prior year. Per the Statement of Activities, expenses decreased for interest on long term debt by \$72,100 (47.2%)/ All other categories increased: \$1,494,616 (33.8%) for general government, \$495,651 (3.1%) for public safety, \$1,153,415 (15.9%) for highways and streets, \$2,326,711 for health and welfare (13.8%) and 341 (.1%) for education.

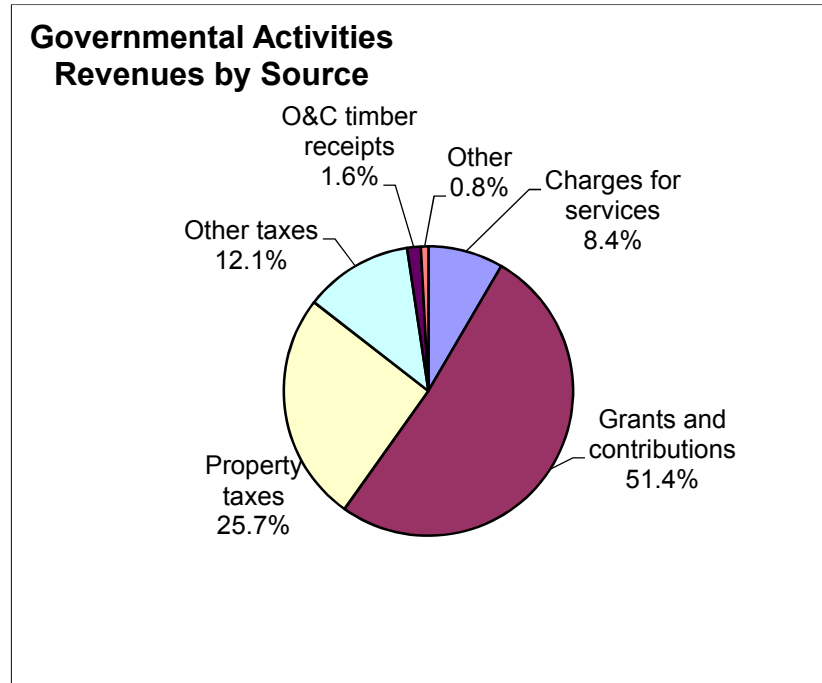


The chart above compares direct program revenue with program expenses. During the past year, all governmental activities relied on general revenues to support the function. Revenue from road taxes in the amount of \$5,135,918 is not included in direct program revenue. Because it is defined as a tax by accounting standards, it is included in general grant revenue rather than program revenue for highways and streets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Government-wide Financial Analysis (continued)

The chart below shows sources of revenue for the fiscal year. 51.4% of revenue is from grants and contributions, 25.7% from property taxes, 8.4% from charges for services, 12.1% from other taxes, \$734,831 (1.6%) from O & C timber receipts and 0.8% from investment income and miscellaneous receipts.



### Financial Analysis of the County's Funds

As required, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2018, the County's governmental funds have combined ending fund balances of \$15,542,448, which includes an increase of \$1,099,614 during the current fiscal year. The ending fund balance consists of \$446,971 defined as nonspendable, \$10,226,237 defined as restricted and \$4,563 defined as committed. Nonspendable fund balances include inventory and prepaid expenses which are nonspendable due to the nature of the item. Restricted fund balances are restricted by agencies or funding sources outside the County organization. Committed fund balances are committed for designated purposes by the County Board of Commissioners. Fund balances not included in these defined categories are considered unassigned and available for appropriation in the subsequent year at the Board's discretion. The County's unassigned fund balance at June 30, 2018 is \$4,864,677, compared to the \$4,212,783 unassigned fund balance at June 30, 2017.

The General Fund is the chief operating fund of the County. At June 30, 2018, unassigned General Fund balance was \$5,052,305, approximately 95% of the total General Fund balance. The General Fund balance increased \$402,202 during the current fiscal year, compared to an increase of \$317,002 in the prior year. Compared to the previous year, General Fund revenues increased \$1,804,287, expenditures increased \$1,274,522, transfers to other funds increased \$431,690, and sale of capital assets decreased \$12,875.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

### **Financial Analysis of the County's Funds**

The fund balances of the County's major funds changed during the year as follows: General Fund – increase \$402,202, Public Works – decrease \$259,537, and Behavioral Health – increase \$692,825. Other non-major governmental funds combined showed a fund balance increase of \$264,124. The fund increases were the result of revenues in excess of expenditures. The decrease for Public Works was the result of expenditures in excess of revenue.

### **General Fund Budgetary Highlights**

During the fiscal year, three budget modifications were adopted by the Board. The modifications transferred \$1,151,500 from general operating contingency to various departments. Appropriation increases included the following: Sheriff Emergency Management - \$150,000, Sheriff Patrol - \$200,000, Sheriff Jail - \$300,000 and other departments - \$141,500. There was also an increase in transfers to other funds in the amount of \$360,000.

### **Capital Assets and Debt Administration**

The County's net investment in capital assets, at June 30, 2018, is \$44,372,078. This investment in capital assets includes land, building and improvements, machinery and equipment, roads and bridges and vehicles. The total decrease during the current year was \$1,939,163 (4.2%). Additions for assets purchased totaled \$1,345,356. New assets acquired include Jail HVAC upgrades and roof (\$169,594), fairgrounds generator (\$50,129) Community Corrections building remodel (\$228,805), equipment for public works (\$173,029) computer equipment and fiber optic cable (\$52,526), emergency management equipment (\$124,392) and other equipment (\$211,926). Eight new vehicles were purchased during the year for a total of \$249,955 which included three vehicles for Sheriff's patrol, one for Juvenile, one for public works and three for the general services motor pool. Work in process increased for a full-body scanner for the jail (\$67,500) and transitional housing (\$17,500).

The net asset balance for the year is increased by asset acquisitions (\$1,345,356), decreased by depreciation expense (\$3,281,128) and decreased \$3,391 for asset dispositions. There was no change in the condition of the County's capital assets during the year. Additional detail about capital asset changes can be found beginning on page 33 and 34 in the notes to the financial statements.

At the end of the current fiscal year, the County owed \$1,885,000 in general obligation bonds, which is the total of two bond issues. Bonds (certificates of participation) in the amount of \$2,250,000 were issued in 2011 for the primary purpose of debt payoff and remodeling to the Academy Building. Additional bonds (\$790,000) were issued in April 2012 for the purpose of paying off debt which financed the 2004 Falls City road project. Principal payments of \$190,000 and interest of \$80,638 were paid on the bonds during the year. Bond payments for the certificates of participation are made from the Building Improvement Fund using savings in rental costs. Bond payments for the Falls City road project are made by the Public Works Fund from revenue.

During the year, the County incurred no additional debt. Total payments on non-bond debt during this year included \$2,099 principal and \$57 interest. Additional details about debt and repayment terms are contained on pages 35 and 36 of the notes to the financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

### **Key Economic Factors and Next Year's Budget Information**

- Polk County's fiscal year 2018-19 budgeted appropriations increased \$7,748,259 (11.2%) compared to the prior year budget.
- General Fund resources for fiscal year 2018-19 are budgeted at \$25,754,800. This includes a beginning fund balance of \$5,000,000.
- Significant changes in fiscal year 2018-19 budgeted expenses, including percentage change from the prior year's final budget are:
  - General Fund increase - \$2,345,450 (10.0%), increased revenue provided by property taxes, Federal funds and State shared revenue. There are increased appropriations for Assessor (\$124,140), DA – Victims' Assistance (\$106,352) Community Corrections (\$225,770), Community Service (\$217,317), Sheriff – Patrol (\$539,056). Sheriff – Jail (\$442,482), operating transfer to other funds (\$220,000) and operating contingency (\$237,207). There are smaller increases or decreases for other general fund departments which net to an increase of \$233,126.
  - Public Works Fund increase - \$1,783,000 (23.5%), increased revenue from State gas tax fees and Federal funds.
  - Behavioral Health Fund increase - \$3,512,000 (17.4%), increased revenue from the State.

### **Requests for Information**

This report is designed to provide a general overview of Polk County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Linda Fox  
Polk County Treasurer  
850 Main Street  
Dallas, Oregon 97338  
Phone: 503-623-9264

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## **BASIC FINANCIAL STATEMENTS**

**POLK COUNTY**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

|  | Governmental<br>Activities |
|--|----------------------------|
| <b><u>ASSETS</u></b>                         |                            |
| Cash and cash equivalents                    | \$ 15,307,392              |
| Receivables                                  | 3,015,844                  |
| Inventory                                    | 276,790                    |
| Prepaid items                                | 283,174                    |
| Net other postemployment benefit asset       | 68,772                     |
| Capital assets:                              |                            |
| Land and construction in progress            | 2,132,574                  |
| Other capital assets, net                    | 42,239,504                 |
| <b>TOTAL ASSETS</b>                          | <b>63,324,050</b>          |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b> |                            |
| Pension related items                        | 9,241,083                  |
| OPEB related items                           | 225,424                    |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>  | <b>9,466,507</b>           |
| <b><u>LIABILITIES</u></b>                    |                            |
| Accounts payable and accrued liabilities     | 1,376,264                  |
| Long-term obligations:                       |                            |
| Due within one year                          | 1,347,618                  |
| Due in more than one year                    | 27,892,381                 |
| <b>TOTAL LIABILITIES</b>                     | <b>30,616,263</b>          |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>  |                            |
| Pension related items                        | 1,958,887                  |
| OPEB related items                           | 151,204                    |
| Unearned revenue                             | 103,000                    |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>   | <b>2,213,091</b>           |
| <b><u>NET POSITION</u></b>                   |                            |
| Net investment in capital assets             | 42,487,078                 |
| Restricted for:                              |                            |
| Debt service                                 | 35,694                     |
| Road and street maintenance                  | 1,176,832                  |
| Bicycle path construction/maintenance        | 300,204                    |
| Law enforcement                              | 319,287                    |
| Health and welfare                           | 8,412,204                  |
| Economic development                         | 298,145                    |
| Education                                    | 100,638                    |
| Other purposes                               | 435,236                    |
| Unrestricted                                 | (13,604,115)               |
| <b>TOTAL NET POSITION</b>                    | <b>\$ 39,961,203</b>       |

*See accompanying notes*

POLK COUNTY

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

|   | Expenses                    | Program Revenues           |  | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|---|-----------------------------|----------------------------|--|--|
|   |                             | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions |  |
| <b><u>Functions/Programs</u></b>              |                             |                            |  |  |
| Governmental activities                       |                             |                            |  |  |
| General government                            | \$ 5,918,645                | \$ 1,814,334               | \$ 1,397,855                             | \$ (2,706,456)   |
| Public safety                                 | 16,376,957                  | 860,781                    | 3,756,702                                | (11,759,474)   |
| Highways and streets                          | 8,394,976                   | 652,744                    | 327,040                                  | (7,415,192)  |
| Health and welfare                            | 19,183,833                  | 644,509                    | 17,548,823                               | (990,501)  |
| Education                                     | 389,246                     | -                          | 9,750                                    | (379,496)  |
| Interest on long-term obligations             | 80,695                      | -                          | -  | (80,695)   |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>          | <b><u>\$ 50,344,352</u></b> | <b><u>\$ 3,972,368</u></b> | <b><u>\$ 23,040,170</u></b>              | <b><u>(23,331,814)</u></b>                                 |
| General revenues                              |                             |                            |  |  |
| Property taxes levied for:                    |                             |                            |  |  |
| General purposes                              |                             |                            |  | 11,613,553   |
| Education                                     |                             |                            |  | 417,344  |
| Debt service                                  |                             |                            |  | 110,029  |
| Other taxes                                   |                             |                            |  | 1,857,167  |
| Other grants and contributions not restricted |                             |                            |  |  |
| for specific programs                         |                             |                            |  | 5,870,749  |
| Unrestricted investment earnings              |                             |                            |  | 287,632  |
| Miscellaneous                                 |                             |                            |  | 72,596   |
| Gain on disposition of capital assets         |                             |                            |  | 25,531   |
| <b>TOTAL GENERAL REVENUES</b>                 |                             |                            |  | <b><u>20,254,601</u></b>                                   |
| <b>CHANGE IN NET POSITION</b>                 |                             |                            |  | <b>(3,077,213)</b>   |
| <b>NET POSITION - BEGINNING</b>               |                             |                            |  | <b>42,851,843</b>  |
| <b>PRIOR PERIOD ADJUSTMENT</b>                |                             |                            |  | <b><u>186,573</u></b>                                      |
| <b>NET POSITION - ENDING</b>                  |                             |                            |  | <b><u>\$ 39,961,203</u></b>                                |

See accompanying notes

**POLK COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

|  | <b>General</b>             | <b>Public<br/>Works</b>    | <b>Behavioral<br/>Health</b> | <b>Total<br/>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|----------------------------|----------------------------|------------------------------|-------------------------------------|---|
| <b>ASSETS</b>  |                            |                            |                              |                                     |   |
| Cash and cash equivalents  | \$ 4,799,803               | \$ 975,912                 | \$ 7,583,798                 | \$ 1,039,150                        | \$ 14,398,663                           |
| Receivables  | 1,158,111                  | 532,564                    | 794,281                      | 500,242                             | 2,985,198                               |
| Inventory  | -                          | 276,790                    | -                            | -                                   | 276,790                                 |
| Prepaid items  | 75,826                     | 220                        | 82,266                       | 11,869                              | 170,181                                 |
| Due from other funds   | 196,283                    | -                          | -                            | -                                   | 196,283                                 |
| <b>TOTAL ASSETS</b>  | <b><u>\$ 6,230,023</u></b> | <b><u>\$ 1,785,486</u></b> | <b><u>\$ 8,460,345</u></b>   | <b><u>\$ 1,551,261</u></b>          | <b><u>\$ 18,027,115</u></b>             |
| <b>LIABILITIES</b>   |                            |                            |                              |                                     |   |
| Accounts payable and accrued liabilities   | \$ 472,634                 | \$ 308,450                 | \$ 247,952                   | \$ 226,536                          | \$ 1,255,572                            |
| Due to General Fund  | -                          | -                          | -                            | 196,283                             | 196,283                                 |
| <b>TOTAL LIABILITIES</b>   | <b><u>472,634</u></b>      | <b><u>308,450</u></b>      | <b><u>247,952</u></b>        | <b><u>422,819</u></b>               | <b><u>1,451,855</u></b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                            |                            |                              |                                     |   |
| Unavailable revenue  | 443,053                    | 14,194                     | 369,650                      | 205,915                             | 1,032,812                               |
| <b>FUND BALANCES</b>   |                            |                            |                              |                                     |   |
| Nonspendable   | 75,826                     | 277,010                    | 82,266                       | 11,869                              | 446,971                                 |
| Restricted   | 186,205                    | 1,185,832                  | 7,760,477                    | 1,093,723                           | 10,226,237                              |
| Committed  | -                          | -                          | -                            | 4,563                               | 4,563                                   |
| Unassigned   | 5,052,305                  | -                          | -                            | (187,628)                           | 4,864,677                               |
| <b>TOTAL FUND BALANCES</b>   | <b><u>5,314,336</u></b>    | <b><u>1,462,842</u></b>    | <b><u>7,842,743</u></b>      | <b><u>922,527</u></b>               | <b><u>15,542,448</u></b>                |
| <b>TOTAL LIABILITIES,<br/>DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND<br/>BALANCES</b> | <b><u>\$ 6,230,023</u></b> | <b><u>\$ 1,785,486</u></b> | <b><u>\$ 8,460,345</u></b>   | <b><u>\$ 1,551,261</u></b>          | <b><u>\$ 18,027,115</u></b>             |

*See accompanying notes*

**POLK COUNTY**

**RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

**June 30, 2018**

Total fund balances - governmental funds \$ 15,542,448

*Amounts reported for governmental activities in the statement of net position are different because:*

Governmental activities report a net pension liability which is not reported in the fund (24,132,865)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 44,372,078

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds 929,812

The net position of the internal service funds \$ (941,423)  
Less: Capital assets of the internal service funds included above (266,677)  
Plus: Compensated absences obligations of the internal service funds included below 114,351  
Plus: Pension-related items included above and below 1,817,618  
Plus: OPEB-related items included above and below 207,807 931,676

Governmental activities report as deferred outflows of resources contributions to the public employees retirements system for the year and other adjustments for PERS and OPEB 9,466,507

Governmental activities report as deferred inflows the effect of differences between projected and actual earnings and changes in proportionate share of contributions to the public employees retirement system and OPEB (2,110,091)

Some liabilities, including bonds payable and other postemployment benefits liability, are not due and payable in the current period and therefore not reported in the funds. (5,038,362)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 39,961,203

*See accompanying notes*

**POLK COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2018**

|   | <u>General</u>      | <u>Public Works</u> | <u>Behavioral Health</u> | <u>Total Nonmajor Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---------------------|--------------------------|-----------------------------|---------------------------------|
| <b>REVENUES</b>                                   |                     |                     |                          |                             |                                 |
| Property taxes                                    | \$ 11,977,134       | \$ -                | \$ -                     | \$ 536,041                  | \$ 12,513,175                   |
| Licenses, fees and permits                        | 818,902             | -                   | -                        | 65,185                      | 884,087                         |
| Intergovernmental                                 | 5,535,231           | 5,579,585           | 14,730,365               | 4,113,265                   | 29,958,446                      |
| Charges for services                              | 1,501,032           | 509,274             | 325,555                  | 1,519,488                   | 3,855,349                       |
| Franchise fees                                    | 413,390             | -                   | -                        | 219,409                     | 632,799                         |
| Fines and forfeitures                             | 134,549             | -                   | -                        | 10,819                      | 145,368                         |
| Donations   | 596                 | -                   | -                        | 234,092                     | 234,688                         |
| Interest  | 165,725             | 11,536              | 106,481                  | 3,890                       | 287,632                         |
| Miscellaneous                                     | 45,728              | 14,704              | 3,787                    | 8,374                       | 72,593                          |
| <b>TOTAL REVENUES</b>                             | <u>20,592,287</u>   | <u>6,115,099</u>    | <u>15,166,188</u>        | <u>6,710,563</u>            | <u>48,584,137</u>               |
| <b>EXPENDITURES</b>                               |                     |                     |                          |                             |                                 |
| Current   |                     |                     |                          |                             |                                 |
| General government                                | 3,555,112           | -                   | -                        | 1,678,704                   | 5,233,816                       |
| Public safety                                     | 14,237,122          | -                   | -                        | 1,455,626                   | 15,692,748                      |
| Highways and streets                              | -                   | 6,175,600           | -                        | 105,065                     | 6,280,665                       |
| Health and welfare                                | 247,770             | -                   | 14,342,568               | 4,576,313                   | 19,166,651                      |
| Education   | -                   | -                   | -                        | 389,831                     | 389,831                         |
| Debt service                                      |                     |                     |                          |                             |                                 |
| Principal   | -                   | 50,000              | -                        | 140,000                     | 190,000                         |
| Interest  | -                   | 18,758              | -                        | 61,880                      | 80,638                          |
| Capital outlay                                    | 218,334             | 211,223             | 130,795                  | 614,020                     | 1,174,372                       |
| <b>TOTAL EXPENDITURES</b>                         | <u>18,258,338</u>   | <u>6,455,581</u>    | <u>14,473,363</u>        | <u>9,021,439</u>            | <u>48,208,721</u>               |
| Excess (deficiency) of revenues over expenditures | <u>2,333,949</u>    | <u>(340,482)</u>    | <u>692,825</u>           | <u>(2,310,876)</u>          | <u>375,416</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                     |                          |                             |                                 |
| Transfers in                                      | -                   | 72,032              | -                        | 2,575,000                   | 2,647,032                       |
| Sale of capital assets                            | 15,285              | 8,913               | -                        | -                           | 24,198                          |
| Transfers out                                     | (1,947,032)         | -                   | -                        | -                           | (1,947,032)                     |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <u>(1,931,747)</u>  | <u>80,945</u>       | <u>-</u>                 | <u>2,575,000</u>            | <u>724,198</u>                  |
| Net change in fund balances                       | 402,202             | (259,537)           | 692,825                  | 264,124                     | 1,099,614                       |
| Fund balance beginning of year                    | 4,912,134           | 1,722,379           | 7,149,918                | 658,403                     | 14,442,834                      |
| Fund balances at end of year                      | <u>\$ 5,314,336</u> | <u>\$ 1,462,842</u> | <u>\$ 7,842,743</u>      | <u>\$ 922,527</u>           | <u>\$ 15,542,448</u>            |

*See accompanying notes*

POLK COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,099,614

*Amounts reported for governmental activities in the statement of activities are different because of the following:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

|                          |                    |             |
|--------------------------|--------------------|-------------|
| Capitalized expenditures | \$ 1,345,356       |             |
| Depreciation             | <u>(3,281,128)</u> | (1,935,772) |

In the statement of activities, property taxes are reported as revenue when assessed. However, in the governmental funds, property taxes are reported as revenues when they are measurable and available. This revenue recognition results in differences in amounts reported for property tax revenue. (372,248)

In the statement of activities, revenue is recognized when earned. However, in the governmental funds, revenues are reported when they are measurable and available. This results in differences in amounts reported for grants and contributions. (20,282)

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost, less accumulated depreciation, of the capital assets sold. (3,391)

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position.

|                         |              |         |
|-------------------------|--------------|---------|
| Governmental funds      | 190,000      |         |
| Internal services funds | <u>2,099</u> | 192,099 |

Pension liability changes, including changes to deferred outflows and inflows increased the pension expense in the current year, but do not require the use of current resources.

|                                       |                    |             |
|---------------------------------------|--------------------|-------------|
| Decrease in pension liability         | 2,604,570          |             |
| Decrease in pension deferred inflows  | 688,247            |             |
| Decrease in pension deferred outflows | <u>(5,031,342)</u> | (1,738,525) |

The amount contributed to defined benefit other postemployment benefit plans is reported as an expenditure in the funds while governmental activities reports other postemployment benefit expense as the change in net other postemployment benefit asset or liability, total other postemployment benefit asset or liability, and other postemployment benefit related deferred outflow of resources and deferred inflows of resources

|   |                  |          |
|---|------------------|----------|
| Increase in deferred outflows of resources                        | 4,441            |          |
| Increase in net other postemployment benefit asset or liability   | 111,871          |          |
| Increase in total other postemployment benefit asset or liability | (2,732)          |          |
| Increase in deferred inflows of resources                         | <u>(151,204)</u> | (37,624) |

Internal service funds are used to account for all costs arising from the operations of the County's central services activities and insurance programs. The primary funding sources are charges to other funds.

|  |              |           |
|--|--------------|-----------|
| Changes in net position  | (305,605)    |           |
| Capitalized expenditures included above                            | (161,215)    |           |
| Net book value of assets sold                                      | 3,391        |           |
| Depreciation expense included above                                | 69,093       |           |
| Debt service principal payments included above                     | (2,099)      |           |
| Increase in pension expense due to reporting change included above | 219,494      |           |
| Decrease in compensated absences included below                    | (14,449)     |           |
| Decrease in other post employment benefits expense included below  | <u>8,054</u> | (183,336) |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

|                      |  |                 |
|----------------------|--|-----------------|
| Compensated absences |  | <u>(77,748)</u> |
|----------------------|--|-----------------|

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (3,077,213)

*See accompanying notes*

**POLK COUNTY**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|                            | Budget            |                   | Actual            | Variance         |
|----------------------------|-------------------|-------------------|-------------------|------------------|
|                            | Original          | Final             |                   |                  |
| <b>REVENUES</b>            |                   |                   |                   |                  |
| Property taxes             | \$ 11,750,000     | \$11,750,000      | \$11,977,134      | \$ 227,134       |
| Licenses, permits and fees | 802,000           | 802,000           | 818,902           | 16,902           |
| Intergovernmental          | 4,229,100         | 4,229,100         | 5,535,231         | 1,306,131        |
| Charges for services       | 1,337,000         | 1,337,000         | 1,501,032         | 164,032          |
| Franchise fees             | 375,000           | 375,000           | 413,390           | 38,390           |
| Fines and forfeitures      | 96,000            | 96,000            | 134,549           | 38,549           |
| Donations                  | 3,000             | 3,000             | 596               | (2,404)          |
| Interest                   | 85,000            | 85,000            | 165,725           | 80,725           |
| Miscellaneous              | 24,750            | 24,750            | 45,728            | 20,978           |
| <b>TOTAL REVENUES</b>      | <u>18,701,850</u> | <u>18,701,850</u> | <u>20,592,287</u> | <u>1,890,437</u> |
| <b>EXPENDITURES</b>        |                   |                   |                   |                  |
| County Clerk               |                   |                   |                   |                  |
| Recording                  |                   |                   |                   |                  |
| Personnel Services         | 117,504           | 117,504           | 103,618           | 13,886           |
| Materials and Services     | 6,350             | 6,350             | 4,621             | 1,729            |
| Interdepartment Charges    | 59,370            | 59,370            | 59,370            | -                |
| <b>Total Recording</b>     | <u>183,224</u>    | <u>183,224</u>    | <u>167,609</u>    | <u>15,615</u>    |
| Elections                  |                   |                   |                   |                  |
| Personnel Services         | 176,408           | 176,408           | 173,851           | 2,557            |
| Materials and Services     | 126,400           | 141,400           | 132,689           | 8,711            |
| Interdepartment Charges    | 67,950            | 67,950            | 67,950            | -                |
| <b>Total Elections</b>     | <u>370,758</u>    | <u>385,758</u>    | <u>374,490</u>    | <u>11,268</u>    |
| <b>Total County Clerk</b>  | <u>553,982</u>    | <u>568,982</u>    | <u>542,099</u>    | <u>26,883</u>    |

*Continued on next page*



**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (Continued)**

| EXPENDITURES (continued)       | Budget    |           | Actual    | Variance |
|--------------------------------|-----------|-----------|-----------|----------|
|                                | Original  | Final     |           |          |
| Treasurer                      |           |           |           |          |
| Personnel Services             | \$ 15,851 | \$ 15,851 | \$ 16,145 | \$ (294) |
| Materials and Services         | 7,100     | 7,100     | 5,793     | 1,307    |
| Interdepartment Charges        | 10,619    | 10,619    | 10,619    | -        |
| Total Treasurer                | 33,570    | 33,570    | 32,557    | 1,013    |
| Non-Departmental               |           |           |           |          |
| Fund-wide                      |           |           |           |          |
| Materials and Services         | 3,750     | 5,250     | 4,553     | 697      |
| O & C TIMBER - Title III       |           |           |           |          |
| Materials and Services         | 1,000     | 1,000     | 55        | 945      |
| Interdepartment Charges        | 81,625    | 81,625    | 81,625    | -        |
| Total O & C TIMBER - Title III | 82,625    | 82,625    | 81,680    | 945      |
| Total Non-departmental         | 86,375    | 87,875    | 86,233    | 1,642    |
| Assessment                     |           |           |           |          |
| Personnel Services             | 918,910   | 918,910   | 847,658   | 71,252   |
| Materials and Services         | 27,100    | 27,100    | 41,379    | (14,279) |
| Interdepartment Charges        | 306,328   | 306,328   | 306,328   | -        |
| Total Assessment               | 1,252,338 | 1,252,338 | 1,195,365 | 56,973   |
| Tax Collector                  |           |           |           |          |
| Personnel Services             | 199,970   | 199,970   | 197,326   | 2,644    |
| Materials and Services         | 36,950    | 36,950    | 30,760    | 6,190    |
| Interdepartment Charges        | 61,372    | 61,372    | 61,372    | -        |
| Total Tax Collector            | 298,292   | 298,292   | 289,458   | 8,834    |

*Continued on next page*

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (Continued)**

| EXPENDITURES (continued)    | Budget           |                  | Actual           | Variance       |
|-----------------------------|------------------|------------------|------------------|----------------|
|                             | Original         | Final            |                  |                |
| Community Development       |                  |                  |                  |                |
| Planning                    |                  |                  |                  |                |
| Personnel Services          | \$ 310,603       | \$ 310,603       | \$ 265,961       | \$ 44,642      |
| Materials and Services      | 21,575           | 21,575           | 19,712           | 1,863          |
| Interdepartment Charges     | 101,462          | 101,462          | 101,462          | -              |
| Total Planning              | <u>433,640</u>   | <u>433,640</u>   | <u>387,135</u>   | <u>46,505</u>  |
| Building Inspection         |                  |                  |                  |                |
| Personnel Services          | 270,140          | 270,140          | 271,376          | (1,236)        |
| Materials and Services      | 284,600          | 334,600          | 290,209          | 44,391         |
| Interdepartment Charges     | 80,334           | 80,334           | 80,334           | -              |
| Total Building Inspection   | <u>635,074</u>   | <u>685,074</u>   | <u>641,919</u>   | <u>43,155</u>  |
| Environmental Health        |                  |                  |                  |                |
| Personnel Services          | 236,993          | 236,993          | 174,626          | 62,367         |
| Materials and Services      | 22,300           | 22,300           | 22,037           | 263            |
| Interdepartment Charges     | 51,107           | 51,107           | 51,107           | -              |
| Total Environmental Health  | <u>310,400</u>   | <u>310,400</u>   | <u>247,770</u>   | <u>62,630</u>  |
| Total Community Development | <u>1,379,114</u> | <u>1,429,114</u> | <u>1,276,824</u> | <u>152,290</u> |
| District Attorney           |                  |                  |                  |                |
| Prosecution                 |                  |                  |                  |                |
| Personnel Services          | 1,186,067        | 1,186,067        | 1,082,167        | 103,900        |
| Materials and Services      | 82,950           | 82,950           | 79,440           | 3,510          |
| Interdepartment Charges     | 157,301          | 157,301          | 157,301          | -              |
| Total Prosecution           | <u>1,426,318</u> | <u>1,426,318</u> | <u>1,318,908</u> | <u>107,410</u> |
| Support Enforcement         |                  |                  |                  |                |
| Personnel Services          | 292,572          | 292,572          | 285,998          | 6,574          |
| Materials and Services      | 14,700           | 14,700           | 14,327           | 373            |
| Interdepartment Charges     | 50,263           | 50,263           | 50,263           | -              |
| Total Support Enforcement   | <u>357,535</u>   | <u>357,535</u>   | <u>350,588</u>   | <u>6,947</u>   |

*Continued on next page*

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (Continued)**

| <b>EXPENDITURES (continued)</b>        | Budget     |            | Actual     | Variance  |
|--|------------|------------|------------|-----------|
|  | Original   | Final      |            |           |
| District Attorney (continued)          |            |            |            |           |
| Victim's Assistance                    |            |            |            |           |
| Personnel Services                     | \$ 245,422 | \$ 245,422 | \$ 193,977 | \$ 51,445 |
| Materials and Services                 | 17,150     | 17,150     | 19,221     | (2,071)   |
| Interdepartment Charges                | 36,848     | 36,848     | 36,848     | -         |
| Total Victim's Assistance              | 299,420    | 299,420    | 250,046    | 49,374    |
| Court Appointed Special Advisor (CASA) |            |            |            |           |
| Materials and Services                 | 30,000     | 30,000     | 30,000     | -         |
| Medical Examiner                       |            |            |            |           |
| Personnel Services                     | 46,334     | 46,334     | 39,954     | 6,380     |
| Materials and Services                 | 7,298      | 7,298      | 5,482      | 1,816     |
| Interdepartment Charges                | 1,368      | 1,368      | 1,368      | -         |
| Total Medical Examiner                 | 55,000     | 55,000     | 46,804     | 8,196     |
| Total District Attorney                | 2,168,273  | 2,168,273  | 1,996,346  | 171,927   |
| Sheriff                                |            |            |            |           |
| Patrol                                 |            |            |            |           |
| Personnel Services                     | 3,460,085  | 3,510,085  | 3,521,542  | (11,457)  |
| Materials and Services                 | 560,525    | 610,525    | 649,735    | (39,210)  |
| Interdepartment Charges                | 403,199    | 403,199    | 403,199    | -         |
| Capital Outlay                         | 60,000     | 160,000    | 108,683    | 51,317    |
| Total Patrol                           | 4,483,809  | 4,683,809  | 4,683,159  | 650       |
| Jail                                   |            |            |            |           |
| Personnel Services                     | 3,598,222  | 3,698,222  | 3,606,385  | 91,837    |
| Materials and Services                 | 849,300    | 1,049,300  | 1,008,024  | 41,276    |
| Interdepartment Charges                | 564,084    | 564,084    | 564,084    | -         |
| Capital Outlay                         | -          | -          | 67,500     | (67,500)  |
| Total Jail                             | 5,011,606  | 5,311,606  | 5,245,993  | 65,613    |

*Continued on next page*

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (Continued)**

| <b>EXPENDITURES (continued)</b>   | <u>Budget</u>     |                   | <u>Actual</u>     | <u>Variance</u>  |
|-----------------------------------|-------------------|-------------------|-------------------|------------------|
|                                   | <u>Original</u>   | <u>Final</u>      |                   |                  |
| Sheriff (continued)               |                   |                   |                   |                  |
| Emergency Management              |                   |                   |                   |                  |
| Personnel Services                | \$ 163,874        | \$ 163,874        | \$ 156,961        | \$ 6,913         |
| Materials and Services            | 225,900           | 325,900           | 287,872           | 38,028           |
| Interdepartment Charges           | 30,411            | 30,411            | 30,411            | -                |
| Capital Outlay                    | -                 | 50,000            | 92,151            | (42,151)         |
| Total Emergency Management        | <u>420,185</u>    | <u>570,185</u>    | <u>567,395</u>    | <u>2,790</u>     |
| Total Sheriff                     | <u>9,915,600</u>  | <u>10,565,600</u> | <u>10,496,547</u> | <u>69,053</u>    |
| Community Corrections             |                   |                   |                   |                  |
| Personnel Services                | 1,470,328         | 1,470,328         | 1,401,321         | 69,007           |
| Materials and Services            | 483,500           | 483,500           | 515,631           | (32,131)         |
| Interdepartment Charges           | 95,611            | 95,611            | 95,611            | -                |
| Capital Outlay                    | -                 | -                 | 17,500            | (17,500)         |
| Total Community Corrections       | <u>2,049,439</u>  | <u>2,049,439</u>  | <u>2,030,063</u>  | <u>19,376</u>    |
| Community Service-Diversion       |                   |                   |                   |                  |
| Personnel Services                | 161,087           | 226,087           | 206,653           | 19,434           |
| Materials and Services            | 27,165            | 37,165            | 38,287            | (1,122)          |
| Interdepartment Charges           | 11,531            | 11,531            | 11,531            | -                |
| Total Community Service-Diversion | <u>199,783</u>    | <u>274,783</u>    | <u>256,471</u>    | <u>18,312</u>    |
| Parks Maintenance                 |                   |                   |                   |                  |
| Personnel Services                | 44,036            | 44,036            | 31,377            | 12,659           |
| Materials and Services            | 24,900            | 24,900            | 20,881            | 4,019            |
| Interdepartment Charges           | 4,117             | 4,117             | 4,117             | -                |
| Total Parks Maintenance           | <u>73,053</u>     | <u>73,053</u>     | <u>56,375</u>     | <u>16,678</u>    |
| Contingency                       | <u>3,754,531</u>  | <u>2,603,031</u>  | <u>-</u>          | <u>2,603,031</u> |
| <b>TOTAL EXPENDITURES</b>         | <u>21,764,350</u> | <u>21,404,350</u> | <u>18,258,338</u> | <u>3,146,012</u> |

*Continued on next page*

**GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (Continued)**

|   | Budget                |                      | Actual              | Variance            |
|---|-----------------------|----------------------|---------------------|---------------------|
|   | Original              | Final                |                     |                     |
| Excess (deficiency) of revenues over            | <u>\$ (3,062,500)</u> | <u>\$(2,702,500)</u> | <u>\$ 2,333,949</u> | <u>\$ 5,036,449</u> |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                       |                      |                     |                     |
| Sale of capital assets                          | 7,500                 | 7,500                | 15,285              | 7,785               |
| Transfers out                                   | <u>(1,645,000)</u>    | <u>(2,005,000)</u>   | <u>(1,947,032)</u>  | <u>57,968</u>       |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b> | <u>(1,637,500)</u>    | <u>(1,997,500)</u>   | <u>(1,931,747)</u>  | <u>65,753</u>       |
| Net change in fund balance                      | (4,700,000)           | (4,700,000)          | 402,202             | 5,102,202           |
| Fund balance at beginning of year               | <u>4,700,000</u>      | <u>4,700,000</u>     | <u>4,912,134</u>    | <u>212,134</u>      |
| Fund balance at end of year                     | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ 5,314,336</u> | <u>\$ 5,314,336</u> |

*See accompanying notes*

**POLK COUNTY**

**PUBLIC WORKS FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|                               | Budget           |                  | Actual           | Variance       |
|-------------------------------|------------------|------------------|------------------|----------------|
|                               | Original         | Final            |                  |                |
| <b>REVENUES</b>               |                  |                  |                  |                |
| Intergovernmental             | \$5,343,000      | \$5,343,000      | \$5,579,585      | \$ 236,585     |
| Charges for services          | 337,000          | 337,000          | 509,274          | 172,274        |
| Interest                      | 7,500            | 7,500            | 11,536           | 4,036          |
| Miscellaneous                 | -                | -                | 14,704           | 3,043          |
| <b>TOTAL REVENUES</b>         | <u>5,687,500</u> | <u>5,687,500</u> | <u>6,115,099</u> | <u>415,938</u> |
| <b>EXPENDITURES</b>           |                  |                  |                  |                |
| Administration                |                  |                  |                  |                |
| Personnel Services            | 347,257          | 357,257          | 356,227          | 1,030          |
| Materials and Services        | 76,350           | 136,350          | 155,874          | (19,524)       |
| Interdepartment Charges       | 315,237          | 315,237          | 315,237          | -              |
| Capital Outlay                | 10,000           | 10,000           | -                | 10,000         |
| <b>Total Administration</b>   | <u>748,844</u>   | <u>818,844</u>   | <u>827,338</u>   | <u>(8,494)</u> |
| County Shops                  |                  |                  |                  |                |
| Personnel Services            | 282,387          | 282,387          | 266,116          | 16,271         |
| Materials and Services        | 216,500          | 216,500          | 246,540          | (30,040)       |
| Capital outlay                | 5,000            | 5,000            | -                | 5,000          |
| <b>Total County Shops</b>     | <u>503,887</u>   | <u>503,887</u>   | <u>512,656</u>   | <u>(8,769)</u> |
| Road Maintenance              |                  |                  |                  |                |
| Personnel Services            | 1,396,756        | 1,396,756        | 1,310,920        | 85,836         |
| Materials and Services        | 3,178,000        | 3,178,000        | 2,964,111        | 213,889        |
| Capital Outlay                | 265,000          | 265,000          | 211,223          | 53,777         |
| <b>Total Road Maintenance</b> | <u>4,839,756</u> | <u>4,839,756</u> | <u>4,486,254</u> | <u>353,502</u> |

*Continued on next page*

**PUBLIC WORKS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (Continued)**

|   | Budget                  |                         | Actual                  | Variance                |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Original                | Final                   |                         |                         |
| <b>EXPENDITURES (continued)</b>                   |                         |                         |                         |                         |
| Road Construction                                 |                         |                         |                         |                         |
| Materials and Services                            | \$ 180,500              | \$ 180,500              | \$ 54,084               | \$ 126,416              |
| Debt payments                                     | 65,000                  | 65,000                  | 68,758                  | (3,758)                 |
| Capital Outlay                                    | 90,000                  | 90,000                  | -                       | 90,000                  |
| Total Road Construction                           | <u>335,500</u>          | <u>335,500</u>          | <u>122,842</u>          | <u>212,658</u>          |
| Survey  |                         |                         |                         |                         |
| Personnel Services                                | 333,792                 | 333,792                 | 229,133                 | 104,659                 |
| Materials and Services                            | 23,500                  | 23,500                  | 26,744                  | (3,244)                 |
| Total Survey                                      | <u>357,292</u>          | <u>357,292</u>          | <u>255,877</u>          | <u>101,415</u>          |
| Engineering                                       |                         |                         |                         |                         |
| Personnel Services                                | 206,007                 | 246,007                 | 243,122                 | 2,885                   |
| Materials and Services                            | 14,000                  | 14,000                  | 7,492                   | 6,508                   |
| Total Engineering                                 | <u>220,007</u>          | <u>260,007</u>          | <u>250,614</u>          | <u>9,393</u>            |
| Contingency                                       | <u>572,214</u>          | <u>462,214</u>          | <u>-</u>                | <u>462,214</u>          |
| <b>TOTAL EXPENDITURES</b>                         | <u><b>7,577,500</b></u> | <u><b>7,577,500</b></u> | <u><b>6,455,581</b></u> | <u><b>1,121,919</b></u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,890,000)</u>      | <u>(1,890,000)</u>      | <u>(340,482)</u>        | <u>1,549,518</u>        |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                         |                         |                         |
| Transfers in                                      | 80,000                  | 80,000                  | 72,032                  | (7,968)                 |
| Sale of capital assets                            | 10,000                  | 10,000                  | 8,913                   | (1,087)                 |
| <b>TOTAL OTHER FINANCING SOURCES</b>              | <u>90,000</u>           | <u>90,000</u>           | <u>80,945</u>           | <u>(9,055)</u>          |
| Net change in fund balance                        | (1,800,000)             | (1,800,000)             | (259,537)               | 1,540,463               |
| Fund balance at beginning of year                 | <u>1,800,000</u>        | <u>1,800,000</u>        | <u>1,722,379</u>        | <u>(77,621)</u>         |
| Fund balance at end of year                       | <u>\$ -</u>             | <u>\$ -</u>             | <u>\$1,462,842</u>      | <u>\$ 1,462,842</u>     |

*See accompanying notes*

**POLK COUNTY**

**BEHAVIORAL HEALTH FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|  | Budget            |                   | Actual            | Variance         |
|--|-------------------|-------------------|-------------------|------------------|
|  | Original          | Final             |                   |                  |
| <b>REVENUES</b>                                |                   |                   |                   |                  |
| Intergovernmental                              | \$ 13,000,000     | \$ 13,000,000     | \$ 14,730,365     | \$ 1,730,365     |
| Charges for services                           | 350,000           | 350,000           | 325,555           | (24,445)         |
| Interest                                       | 35,000            | 35,000            | 106,481           | 71,481           |
| Miscellaneous                                  | -                 | -                 | 3,787             | 3,787            |
| <b>TOTAL REVENUES</b>                          | <u>13,385,000</u> | <u>13,385,000</u> | <u>15,166,188</u> | <u>1,781,188</u> |
| <b>EXPENDITURES</b>                            |                   |                   |                   |                  |
| Administration                                 |                   |                   |                   |                  |
| Personnel Services                             | 1,804,461         | 1,804,461         | 1,320,676         | 483,785          |
| Materials and Services                         | 33,000            | 33,000            | 308,055           | (275,055)        |
| Interdepartment Charges                        | 323,910           | 323,910           | 323,910           | -                |
| Capital Outlay                                 | 500,000           | 500,000           | 130,795           | 369,205          |
| <b>Total Administration</b>                    | <u>2,661,371</u>  | <u>2,661,371</u>  | <u>2,083,436</u>  | <u>577,935</u>   |
| Addiction Program                              |                   |                   |                   |                  |
| Personnel Services                             | 809,774           | 809,774           | 792,731           | 17,043           |
| Materials and Services                         | 60,600            | 110,600           | 72,473            | 38,127           |
| Interdepartment Charges                        | 242,848           | 242,848           | 242,848           | -                |
| <b>Total Addiction Program</b>                 | <u>1,113,222</u>  | <u>1,163,222</u>  | <u>1,108,052</u>  | <u>55,170</u>    |
| Outpatient Mental Health Services              |                   |                   |                   |                  |
| Personnel Services                             | 5,276,154         | 5,276,154         | 4,506,837         | 769,317          |
| Materials and Services                         | 3,126,000         | 3,126,000         | 2,678,081         | 447,919          |
| Interdepartment Charges                        | 1,859,460         | 1,859,460         | 1,859,460         | -                |
| Capital Outlay                                 | 20,000            | 20,000            | -                 | 20,000           |
| <b>Total Outpatient Mental Health Services</b> | <u>10,281,614</u> | <u>10,281,614</u> | <u>9,044,378</u>  | <u>1,237,236</u> |

*Continued on next page*



**BEHAVIORAL HEALTH  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
(Continued)**

|                                   | Budget            |                   | Actual              | Variance            |
|-----------------------------------|-------------------|-------------------|---------------------|---------------------|
|                                   | Original          | Final             |                     |                     |
| <b>EXPENDITURES (continued)</b>   |                   |                   |                     |                     |
| Developmental Disability          |                   |                   |                     |                     |
| Personnel Services                | \$ 1,597,452      | \$ 1,597,452      | \$ 1,598,109        | \$ (657)            |
| Materials and Services            | 86,900            | 186,900           | 89,531              | 97,369              |
| Interdepartment Charges           | 243,854           | 243,854           | 243,854             | -                   |
| Total Developmental Disability    | <u>1,928,206</u>  | <u>2,028,206</u>  | <u>1,931,494</u>    | <u>96,712</u>       |
| Sub-Grant Programs                |                   |                   |                     |                     |
| Materials and Services            | <u>340,000</u>    | <u>340,000</u>    | <u>306,003</u>      | <u>33,997</u>       |
| Contingency                       | <u>3,860,587</u>  | <u>3,710,587</u>  | <u>-</u>            | <u>3,710,587</u>    |
| <b>TOTAL EXPENDITURES</b>         | <u>20,185,000</u> | <u>20,185,000</u> | <u>14,473,363</u>   | <u>5,711,637</u>    |
| Net change in fund balance        | (6,800,000)       | (6,800,000)       | 692,825             | 7,492,825           |
| Fund balance at beginning of year | <u>6,800,000</u>  | <u>6,800,000</u>  | <u>7,149,918</u>    | <u>349,918</u>      |
| Fund balance at end of year       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 7,842,743</u> | <u>\$ 7,842,743</u> |

*See accompanying notes*

**POLK COUNTY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2018**

|  | <b>Governmental<br/>Activities</b>    |
|--|---------------------------------------|
|  | <b>Internal<br/>Service<br/>Funds</b> |
| <b><u>ASSETS</u></b>                         |                                       |
| Current assets                               |                                       |
| Cash and cash equivalents                    | \$ 908,729                            |
| Receivables                                  | 30,646                                |
| Prepaid items                                | 112,993                               |
| Total current assets                         | 1,052,368                             |
| Net other postemployment benefit asset       | 7,418                                 |
| Capital assets, net                          | 266,677                               |
| <b>TOTAL ASSETS</b>                          | <b>1,326,463</b>                      |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b> |                                       |
| Pension related items                        | 996,801                               |
| OPEB related items                           | 24,316                                |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>  | <b>1,021,117</b>                      |
| <b><u>LIABILITIES</u></b>                    |                                       |
| Current liabilities                          |                                       |
| Accounts payable and accrued liabilities     | 120,692                               |
| Long-term obligations:                       |                                       |
| Due within one year                          | 114,351                               |
| Due in more than one year                    | 2,826,352                             |
| <b>TOTAL LIABILITIES</b>                     | <b>3,061,395</b>                      |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>  |                                       |
| Pension related items                        | 211,298                               |
| OPEB related items                           | 16,310                                |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>   | <b>227,608</b>                        |
| <b><u>NET POSITION</u></b>                   |                                       |
| Investment in capital assets                 | 266,677                               |
| Unrestricted                                 | (1,208,100)                           |
| <b>TOTAL NET POSITION</b>                    | <b>\$ (941,423)</b>                   |

*See accompanying notes*

**POLK COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

**For the Year Ended June 30, 2018**

|   | <b>Governmental<br/>Activities</b>    |
|---|---------------------------------------|
|   | <b>Internal<br/>Service<br/>Funds</b> |
| <b>OPERATING REVENUES</b>                   |                                       |
| Intergovernmental                           | \$ 6,278                              |
| Charges for services                        | 6,324,261                             |
| Miscellaneous                               | 24,478                                |
| <b>TOTAL OPERATING REVENUES</b>             | <b>6,355,017</b>                      |
| <b>OPERATING EXPENSES</b>                   |                                       |
| Personal services                           | 3,454,583                             |
| Materials and services                      | 2,438,223                             |
| Depreciation                                | 69,093                                |
| <b>TOTAL OPERATING EXPENSES</b>             | <b>5,961,899</b>                      |
| Operating (loss)                            | 393,118                               |
| <b>NONOPERATING REVENUE (EXPENSE)</b>       |                                       |
| Gain on sale of capital asset               | 1,334                                 |
| Interest on long-term obligations           | (57)                                  |
| <b>TOTAL NONOPERATING REVENUE (EXPENSE)</b> | <b>1,277</b>                          |
| (Loss) before transfers                     | 394,395                               |
| Transfers out                               | (700,000)                             |
| Change in net position                      | (305,605)                             |
| Prior period adjustment                     | 9,581                                 |
| Net position - beginning                    | (645,399)                             |
| Net position - end                          | <b>\$ (941,423)</b>                   |

*See accompanying notes*

**POLK COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2018**

|  | <u><b>Governmental<br/>Activities</b></u>    |
|--|--|
|  | <u><b>Internal<br/>Service<br/>Funds</b></u> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |
| Receipts from customers  | \$ 6,325,029                                 |
| Other receipts   | 24,478                                       |
| Payments to employees for services   | (3,241,484)                                  |
| Payments to suppliers of goods or services   | <u>(2,449,588)</u>                           |
| Net cash provided by operating activities  | <u>658,435</u>                               |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                        |  |
| Purchase of capital assets   | (161,215)                                    |
| Sale of capital assets   | 4,725  |
| Transfers out  | (700,000)                                    |
| Principal payments on long-term obligations  | (2,099)                                      |
| Interest payments on long-term obligations   | <u>(57)</u>                                  |
| Net cash (used) in financing activities  | <u>(858,646)</u>                             |
| Net increase in cash and cash equivalents  | (200,211)                                    |
| Cash and cash equivalents, beginning of year   | <u>1,108,940</u>                             |
| Cash and cash equivalents, end of year   | <u><u>\$ 908,729</u></u>                     |
| <b>Reconciliation of operating income to net cash<br/>provided by operating activities</b> |  |
| Operating income   | \$ 393,118                                   |
| Adjustments to reconcile operating income to net<br>cash provided by operating activities: |  |
| Depreciation   | 69,093                                       |
| (Increase) decrease in assets:   |  |
| Receivables  | (5,510)                                      |
| Prepaid items  | (16,040)                                     |
| Net other postemployment benefit asset   | (7,418)                                      |
| Deferred outflows of resources   | 511,575                                      |
| Increase (decrease) in liabilities:  |  |
| Accounts payable and accrued liabilities   | 4,675  |
| Compensated absences   | (14,449)                                     |
| Net pension liability  | (224,389)                                    |
| Other postemployment benefit liability   | 109  |
| Deferred inflows of resources  | <u>(52,329)</u>                              |
| Net cash provided by operating activities  | <u><u>\$ 658,435</u></u>                     |

*See accompanying notes*

**POLK COUNTY**

**STATEMENT OF NET POSITION  
FIDUCIARY FUND  
June 30, 2018**

|                               | <b>Agency<br/>Fund</b> |
|-------------------------------|------------------------|
| <b><u>ASSETS</u></b>          |                        |
| Cash and cash equivalents     | \$ 2,658,762           |
| Receivables                   | <u>4,493,436</u>       |
| <br>TOTAL ASSETS              | <br><u>7,152,198</u>   |
| <br><b><u>LIABILITIES</u></b> |                        |
| Due to other governments      | <u>\$ 7,152,198</u>    |

*See accompanying notes*

## POLK COUNTY

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

#### 1. Summary of Significant Accounting Policies

##### A. The reporting entity

Polk County was created by the Provincial Legislature from the original Yamhill district on December 22, 1845, and now operates under the provisions of Oregon Revised Statutes (ORS) title 20, Chapters 201 and 215 inclusive. The governing board is a Board of Commissioners, elected at-large from throughout the County. The Commissioners are full-time employees of the County. The Board votes on all ordinances and determines matters of County policy. The Administrative Officer acts as the Chief of Staff for the Commissioners and serves at the pleasure of the Board. Other elected officers of the county include the Assessor, Clerk, District Attorney, Sheriff, and Treasurer. Polk County provides a full range of services to the community which includes planning and zoning, sheriff services, incarceration, courts, tax collections and assessment, document recording, parks, and health and human services.

The accompanying basic financial statements present all activities, funds, and component units for which the County is considered to be financially accountable. The criteria used for making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the County is a primary government with one blended component unit—Polk County Extension Service District.

The Polk County Extension Service District was formed May 18, 2010, by a vote of the people, under ORS Chapter 451. The purpose of the District is to provide Oregon State University extension educational programs, training and information to Polk County residents. The County is not financially accountable for the District, but because the Board of County Commissioners acts as the governing board of the District, this entity has been included as a blended component in the basic financial statements of the County. Complete financial statements of the District can be obtained from the Treasurer at the courthouse.

##### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the functions of the County, the eliminations of which would distort the direct cost and program revenues reported for the various functions concerned. *Governmental activities* are supported by taxes and intergovernmental revenues.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major governmental funds and major proprietary funds are reported in separate columns in the respective fund financial statements.

#### C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of Significant Accounting Policies (continued)

Governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The County reports the following major governmental funds:

*General* - accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Public Works* - accounts for the receipt and expenditure of state gasoline taxes for road repair and construction.

*Behavioral Health* - accounts for the receipt and expenditure of patient funds, and state and federal grants for the County's behavioral health programs including community treatment services, alcohol and drug rehabilitation, and developmental disability services.

Additionally, the County reports the following fund types:

*Special Revenue* - accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

*Debt Service* - accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

*Capital Projects* - accounts for expenditures on major construction projects or equipment acquisition. The principal sources of revenues for capital expenditures are general obligation bond proceeds and grant funds.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of Significant Accounting Policies (continued)

*Internal Service* - accounts for the cost of providing services to other funds which are charged a fee on a cost reimbursement basis for those services.

*Agency* - accounts for resources received and held in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund.

#### D. Equity classification

##### Government-wide statements

On the statement of net position, equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use it is the County’s policy to use restricted resources first, and then unrestricted resources as they are needed.

##### Governmental fund type fund balance reporting

Governmental type fund balance amounts are reported within one of the five fund balance categories list below:

- *Non-spendable* — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of Significant Accounting Policies (continued)

- *Committed*— Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners, as the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Commissioners.
- *Assigned*— Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Commissioners has granted authority to the County Administrator to assign fund balance amounts.
- *Unassigned*— The residual classification for the government’s general fund and any other spendable amounts not contained in other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment or assignment actions.

#### E. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds of the County except agency funds. The County uses the modified accrual basis of accounting for all budgets. All annual appropriations lapse at fiscal year end.

The County begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The County Commissioners adopt the budget, make appropriations, and declare the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The County established the levels of budgetary control at the program or department level for all funds.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The County Commissioners must authorize all appropriation transfers and supplementary budgetary appropriations.

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **1. Summary of Significant Accounting Policies (continued)**

#### **F. Risk management**

The County is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; bodily injury; and worker's compensation for which the County carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

#### **G. Cash and cash equivalents**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

#### **H. Property taxes**

Uncollected property taxes in the governmental fund balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue.

Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments which are due on November 15, February 15 and May 15 following the lien date.

#### **I. Grants and entitlements**

Receivables for federal and state grants and state shared revenue are recorded as revenue in all fund types as earned.

#### **J. Other receivables**

In governmental fund types, the portion of the receivable which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred revenue. Revenues are recorded when earned in proprietary fund types.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of Significant Accounting Policies (continued)

#### K. Capital assets

Capital assets, which include property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the County are depreciated using the straight-line method over estimated useful lives as follows:

- |                          |                |
|--------------------------|----------------|
| • Vehicles               | 5 to 10 years  |
| • Equipment              | 5 to 30 years  |
| • Buildings improvements | 50 years       |
| • Infrastructure         | 20 to 40 years |

Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in the statement of activities.

#### L. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of Significant Accounting Policies (continued)

#### M. Compensated absences

*Vacation Leave* – is accrued as it is earned. County employees earn vacation leave at the rate of 96 to 192 hours year, depending on position and length of service. The maximum accumulation, depending on position and length of service, ranges from 200 to 250 hours. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, and is calculated based on historical trends.

*Sick Leave* – is earned at a rate of eight hours per month of service, and is not limited as to accumulation. Sick leave, which does not vest, is recognized in all funds when leave is taken.

*Holiday Leave* – Sheriff's office employees earn holiday leave as required by contract and may accumulate from eighty to ninety-six hours depending on their position.

#### N. Use of estimates

In preparing the County's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

#### O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### P. Other postemployment benefits

For purposes of measuring the net other postemployment benefits liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The other postemployment benefits liability for the Employee Benefits Plan for the Employees of Polk County is based on an actuarial valuation dated July 1, 2016.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of Significant Accounting Policies (continued)

#### Q. Deferred outflows / inflows of resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These include refunded debt charges, pension related items, and OPEB related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents amounts that apply to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Pension related items and OPEB related items which are amortized over specified periods are reported as deferred inflows of resources.

The balance sheet of governmental funds reports as deferred inflows, unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### R. New accounting standards implemented

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. This statement also identifies the actuarial methods and assumptions that are required to be used and enhances note disclosures and required supplementary information. The specific accounts impacting the County are detailed below.

**Total OPEB liability** – Previous standards defined OPEB liabilities in terms of the Annually Required Contribution. Statement No. 75 defines the Total OPEB liability as the portion of projected benefit payments that is attributed to past periods of employee service provided through a defined benefit OPEB plan that is not administered through a trust.

**Deferred inflows of resources and deferred outflows of resources** – Statement No. 75 includes recognition of deferred inflows and outflows of resources associated with changes of assumptions. This difference is to be recognized in OPEB expense using a closed period equal to the average expected remaining service lives of all covered active and inactive participants.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of Significant Accounting Policies (continued)

Statement No. 75 is effective for financial statement periods beginning after June 15, 2017 with the effects of the accounting change to be applied retroactively by restating the financial statements. The County adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the financial statements as of June 30, 2017 as follows:

|   | As<br>Originally<br>Reported | As<br>Restated | Effect of<br>Change |
|---|------------------------------|----------------|---------------------|
| <b>Statement of Net Position</b>              |                              |                |                     |
| <u>Governmental activities</u>                |                              |                |                     |
| Deferred outflows of resources – OPEB related | \$ --                        | \$ 220,983     | \$ 220,983          |
| Net other postemployment benefit liability    | --                           | 43,099         | (43,099)            |
| Total other postemployment benefit liability  | --                           | 2,066,784      | (2,066,784)         |
| Net other postemployment benefit obligation   | 2,075,473                    | --             | 2,075,473           |
| Net position                                  | 42,851,843                   | 43,038,416     | (186,573)           |

### 2. Cash and cash equivalents

The County's cash and cash equivalents at June 30, 2018 are as follows:

|  |                      |
|--|----------------------|
| Cash on hand                                     | \$ 7,905             |
| Deposits with financial institutions             | 1,451,839            |
| State of Oregon Local Government Investment Pool | <u>16,506,410</u>    |
| Total deposits and investments                   | <u>\$ 17,966,154</u> |

The County maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalent is allocated to participating funds based upon their combined cash and cash equivalent balances.

#### A. Deposits with financial institutions

*Custodial Credit Risk – Deposits:* This is the risk that in the event of a bank failure, the County's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2018, \$1,260,743 of the County's bank balances were exposed to custodial credit risk.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Cash and investments (continued)

#### B. State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

*Credit risk:* Oregon statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

*Concentration of Credit Risk:* The County's formal policy places a limit on the amount that may be invested in any one issuer as follows:

|   |      |
|---|------|
| U.S. Treasury Bills, Notes and Bonds    | 100% |
| Federal Agency Bonds and Discount Notes | 100% |
| Local Government Investment Pool        | 100% |
| Time Certificates of Deposit:           |      |
| Commercial Banks                        | 60%  |
| Savings and Loans                       | 10%  |

*Interest Rate Risk:* The County has a formal policy that limits investment maturities to a maximum of one year as a means of managing its exposure to fair-value losses arising from increases in interest rates.

*Custodial Credit Risk – Investments:* This is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a policy which limits the amount of investments that can be held by counterparties.



**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**3. Receivables**

The County's receivables at June 30, 2018 are as follows:

| Fund                          | Property<br>Taxes | Accounts   | Grants       | Assessments | Totals       |
|-------------------------------|-------------------|------------|--------------|-------------|--------------|
| General                       | \$ 689,258        | \$ 142,344 | \$ 299,547   | \$ 26,962   | \$ 1,158,111 |
| Public Works                  | -                 | 46,189     | 486,375      | -           | 532,564      |
| Behavioral Health             | -                 | 33,371     | 760,910      | -           | 794,281      |
| Nonmajor governmental funds   | 102,755           | 29,353     | 368,134      | -           | 500,242      |
| Total governmental funds      | 792,013           | 251,257    | 1,914,966    | 26,962      | 2,985,198    |
| Internal service funds        | -                 | 30,646     | -            | -           | 30,646       |
| Total governmental activities | 792,013           | 281,903    | 1,914,966    | 26,962      | 3,015,844    |
| Fiduciary funds               |                   |            |              |             |              |
| Agency                        | 4,493,436         | -          | -            | -           | 4,493,436    |
| Totals                        | \$ 5,285,449      | \$ 281,903 | \$ 1,914,966 | \$ 26,962   | \$ 7,509,280 |

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 4. Capital Assets

A. Capital asset activity for the governmental activities for the year ended June 30, 2018 was as follows:

|   | Balances<br>July 1, 2017 | Additions            | Deletions       | Reclass-<br>ifications | Balances<br>June 30, 2018 |
|---|--------------------------|----------------------|-----------------|------------------------|---------------------------|
| <i>Capital assets not being depreciated</i> |                          |                      |                 |                        |                           |
| Land  | \$ 1,776,751             | \$ -                 | \$ -            | \$ -                   | \$ 1,776,751              |
| Construction in progress                    | <u>686,353</u>           | <u>372,157</u>       | <u>-</u>        | <u>(702,687)</u>       | <u>355,823</u>            |
| Total capital assets not being depreciated  | <u>2,463,104</u>         | <u>372,157</u>       | <u>-</u>        | <u>(702,687)</u>       | <u>2,132,574</u>          |
| <i>Capital assets being depreciated</i>     |                          |                      |                 |                        |                           |
| Infrastructure                              | 97,106,041               | -                    | -               | -                      | 97,106,041                |
| Buildings                                   | 22,972,871               | 264,870              | -               | -                      | 23,237,741                |
| Improvements                                | 1,601,174                | 636,911              | 8,974           | -                      | 2,229,111                 |
| Bridges                                     | 22,609,312               | -                    | -               | -                      | 22,609,312                |
| Equipment                                   | <u>11,341,854</u>        | <u>71,418</u>        | <u>264,282</u>  | <u>702,687</u>         | <u>11,851,677</u>         |
| Total capital assets being depreciated      | <u>155,631,252</u>       | <u>973,199</u>       | <u>273,256</u>  | <u>702,687</u>         | <u>157,033,882</u>        |
| Less accumulated depreciation for:          |                          |                      |                 |                        |                           |
| Infrastructure                              | 84,340,500               | 1,346,029            | -               | -                      | 85,686,529                |
| Buildings                                   | 11,480,565               | 600,184              | -               | -                      | 12,080,749                |
| Improvements                                | 675,972                  | 100,052              | 8,974           | -                      | 767,050                   |
| Bridges                                     | 8,218,830                | 418,848              | -               | -                      | 8,637,678                 |
| Equipment                                   | <u>7,067,248</u>         | <u>816,015</u>       | <u>260,891</u>  | <u>-</u>               | <u>7,622,372</u>          |
| Total accumulated depreciation              | <u>111,783,115</u>       | <u>3,281,128</u>     | <u>269,865</u>  | <u>-</u>               | <u>114,794,378</u>        |
| Total capital assets being depreciated, net | <u>43,848,137</u>        | <u>(2,307,929)</u>   | <u>3,391</u>    | <u>702,687</u>         | <u>42,239,504</u>         |
| Governmental activities capital assets, net | <u>\$ 46,311,241</u>     | <u>\$(1,935,772)</u> | <u>\$ 3,391</u> | <u>\$ -</u>            | <u>\$ 44,372,078</u>      |

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**4. Capital Assets (continued)**

B. Depreciation expense charged to functions/programs of the County was as follows:

|                                   |                         |
|-----------------------------------|-------------------------|
| Governmental Activities           |                         |
| General government                | \$ 173,817              |
| Public safety                     | 740,905                 |
| Highways and streets              | 2,021,634               |
| Health and welfare                | <u>344,772</u>          |
| <br>Total governmental activities | <br><u>\$ 3,281,128</u> |

C. Capital asset activity in internal service funds, which are included in the governmental activities, for the year ended June 30, 2018 was as follows:

|  | Balances<br>July 1, 2017 | Additions            | Deletions           | Reclass-<br>ifications | Balances<br>June 30, 2018 |
|--|--------------------------|----------------------|---------------------|------------------------|---------------------------|
| <i>Capital assets being depreciated</i>            |                          |                      |                     |                        |                           |
| Improvements                                       | \$ 19,532                | \$ 10,926            | \$ -                | \$ -                   | \$ 30,458                 |
| Equipment  | <u>852,148</u>           | <u>150,289</u>       | <u>24,574</u>       | <u>-</u>               | <u>977,863</u>            |
| <br>Total capital assets being<br>depreciated      | <br><u>871,680</u>       | <br><u>161,215</u>   | <br><u>24,574</u>   | <br><u>-</u>           | <br><u>1,008,321</u>      |
| Less accumulated depreciation for:                 |                          |                      |                     |                        |                           |
| Improvements                                       | 19,532                   | 728                  | -                   | -                      | 20,260                    |
| Equipment  | <u>674,202</u>           | <u>68,365</u>        | <u>21,183</u>       | <u>-</u>               | <u>721,384</u>            |
| <br>Total accumulated depreciation                 | <br><u>693,734</u>       | <br><u>69,093</u>    | <br><u>21,183</u>   | <br><u>-</u>           | <br><u>741,644</u>        |
| <br>Total capital assets being<br>depreciated, net | <br><u>\$ 177,946</u>    | <br><u>\$ 92,122</u> | <br><u>\$ 3,391</u> | <br><u>\$ -</u>        | <br><u>\$ 266,677</u>     |

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 5. Long-term Obligations

A. Changes in long-term obligations for the year ended June 30, 2018 were as follows:

|  | Outstanding<br>July 1,<br>2017 | Additions        | Reductions          | Outstanding<br>June 30,<br>2018 | Balances<br>Due Within<br>One Year |
|--|--------------------------------|------------------|---------------------|---------------------------------|------------------------------------|
| <b><u>Governmental activities</u></b>                                    |                                |                  |                     |                                 |                                    |
| Long-term debt obligations   |                                |                  |                     |                                 |                                    |
| Bonded debt  |                                |                  |                     |                                 |                                    |
| Full Faith and Credit Obligations, Series 2011                           | \$ 1,510,000                   | \$ -             | \$ 140,000          | \$ 1,370,000                    | \$ 145,000                         |
| Full Faith and Credit Obligations, Series 2012                           | 565,000                        | -                | 50,000              | 515,000                         | 50,000                             |
| Capital leases   |                                |                  |                     |                                 |                                    |
| U.S. Bank Equipment Finance  | 2,099                          | -                | 2,099               | -                               | -                                  |
| Total long-term debt obligations   | 2,077,099                      | -                | 192,099             | 1,885,000                       | 195,000                            |
| Other long-term obligations  |                                |                  |                     |                                 |                                    |
| Compensated absences   | 1,074,870                      | 77,748           | -                   | 1,152,618                       | 1,152,618                          |
| Net pension liability  | 26,737,435                     | -                | 2,604,570           | 24,132,865                      | -                                  |
| Other post-employment benefits   | 2,109,883                      | -                | 40,367              | 2,069,516                       | -                                  |
| Total long-term obligations  | <u>\$ 31,999,287</u>           | <u>\$ 77,748</u> | <u>\$ 2,837,036</u> | <u>\$ 29,239,999</u>            | <u>\$ 1,347,618</u>                |
| <b><u>Internal service funds included in governmental activities</u></b> |                                |                  |                     |                                 |                                    |
| Long-term debt obligations   |                                |                  |                     |                                 |                                    |
| Capital leases   |                                |                  |                     |                                 |                                    |
| U.S. Bank Equipment Finance  | \$ 2,099                       | \$ -             | \$ 2,099            | \$ -                            | \$ -                               |
| Other long-term obligations  |                                |                  |                     |                                 |                                    |
| Compensated absences   | 128,800                        |                  | 14,449              | 114,351                         | 114,351                            |
| Net pension liability  | 2,827,510                      | -                | 224,389             | 2,603,121                       | -                                  |
| Other post-employment benefits   | 223,122                        | 109              | -                   | 223,231                         | -                                  |
|  | <u>\$ 3,181,531</u>            | <u>\$ 109</u>    | <u>\$ 240,937</u>   | <u>\$ 2,940,703</u>             | <u>\$ 114,351</u>                  |

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**5. Long-term Obligations (continued)**

A. Government activities long-term debt obligations

Full Faith and Credit Obligations, series 2011 – The County issued bonds for \$2,250,000 to pay off the Academy Building debt and provide funds for its remodel. Interest on the bonds range from 2 to 4 percent depending upon maturity dates.

Full Faith and Credit Obligations, series 2012 – The County issued bonds for \$790,000 to refund the Bank of New York Loan dated July 3, 2002. Interest on the bonds range from 1.85 to 3.8 percent depending upon maturity dates.

B. Future maturities of government activities long-term debt obligations

| Fiscal<br>Year | Full Faith & Credit Obligations<br>Series 2011 |                   | Full Faith & Credit Obligations<br>Series 2012 |                  | Totals              |                   |
|----------------|--|-------------------|--|------------------|---------------------|-------------------|
|                | Principal                                      | Interest          | Principal                                      | Interest         | Principal           | Interest          |
| 2019           | \$ 145,000                                     | \$ 56,180         | \$ 50,000                                      | \$ 17,233        | \$ 195,000          | \$ 73,413         |
| 2020           | 155,000  | 50,180            | 50,000   | 15,708           | 205,000             | 65,888            |
| 2021           | 160,000  | 43,560            | 55,000   | 14,106           | 215,000             | 57,666            |
| 2022           | 165,000  | 36,410            | 55,000   | 12,429           | 220,000             | 48,839            |
| 2023           | 175,000  | 28,930            | 55,000   | 10,545           | 230,000             | 39,475            |
| 2024-27        | <u>570,000</u>                                 | <u>38,500</u>     | <u>250,000</u>                                 | <u>19,380</u>    | <u>820,000</u>      | <u>57,880</u>     |
|                | <u>\$ 1,370,000</u>                            | <u>\$ 253,760</u> | <u>\$ 515,000</u>                              | <u>\$ 89,401</u> | <u>\$ 1,885,000</u> | <u>\$ 343,161</u> |

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**6. Interfund Balances and Transfers**

Interfund transfers used to reallocate financial resources to funds where they will be expended were as follows:

| Fund             | Transfers           |                     |
|------------------|---------------------|---------------------|
|                  | In                  | Out                 |
| General          | \$ -                | \$ 1,947,032        |
| Public Works     | 72,032              | -                   |
| Nonmajor         | 2,575,000           | -                   |
| Internal Service | 150,000             | 850,000             |
|                  | <u>\$ 2,797,032</u> | <u>\$ 2,797,032</u> |

The purpose of the General Fund transfer to the Public Works Fund was to supplement the resources of the fund for maintaining forest roads of the County. The purpose of the General Fund transfers to the nonmajor governmental funds was to supplement the resources of the funds for their respective activities. The purpose of the General Fund transfer to the Insurance Fund (an internal service fund) was to supplement resources available for County insurance payments. The transfer from the Internal Service Fund to the Building Improvement fund was to provide for debt service payments and to reduce the fund deficit in the Building Improvement Fund.

Advances from the General Fund to the nonmajor governmental funds in the amount of \$196,283 were made during the year to cover deficit cash balances. These advances will be repaid in the subsequent year.

**7. Unavailable Revenue**

Resources owned by the County, which are measurable but not available, and are deferred in the governmental funds, consist of the following:

|                | General           | Public Works     | Behavioral Health | Nonmajor Governmental Funds | Totals              |
|----------------|-------------------|------------------|-------------------|-----------------------------|---------------------|
| Property taxes | \$ 405,552        | \$ -             | \$ -              | \$ 35,248                   | \$ 440,800          |
| Assessments    | 25,649            | -                | -                 | -                           | 25,649              |
| Accounts       | 11,852            | 14,194           | 369,650           | 170,667                     | 566,363             |
|                | <u>\$ 443,053</u> | <u>\$ 14,194</u> | <u>\$ 369,650</u> | <u>\$ 205,915</u>           | <u>\$ 1,032,812</u> |

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Contingency – Sick Leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2018, employees of the County had accumulated 8,335 days of sick leave.

### 9. Litigation

The County, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these suits is not determinable at this time and the County does not believe that the ultimate resolution of these lawsuits will have a material adverse effect on the County's General Fund.

### 10. Operating Leases

The County leases buildings, office space and a phone system under non-cancelable operating leases. Total lease costs paid for the year ended June 30, 2018 were \$488,637.

Future minimum lease payments for the non-cancelable leases are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Amount</u>      |
|------------------------------------|--------------------|
| 2019                               | 431,871            |
| 2020                               | 434,971            |
| 2021                               | 281,384            |
| 2022                               | 253,549            |
| 2023                               | 253,549            |
| 24-28                              | 1,275,403          |
| 29-33                              | 1,386,514          |
| 34-38                              | <u>1,370,043</u>   |
| Total                              | <u>\$5,687,284</u> |

### 11. Defined benefit pension plan

#### A. Plan description

Employees of the County are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at:

[www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf](http://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf)

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan (continued)

#### B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

#### Tier One/Tier Two retirement benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

#### *Pension benefits*

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

#### *Death benefits*

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in a OPERS-covered job, or
- the member was on an official leave of absence from a OPERS-covered job at the time of death.

#### *Disability benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan (continued)

#### *Benefit changes after retirement*

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

#### Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

#### *Pension benefits*

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

#### *Death benefits*

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

#### *Disability benefits*

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

#### *Benefit changes after retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan (continued)

#### C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation.

Tier 1/tier 2 employer contribution rates are 20.96 percent and the OPSRP employer contribution rates are 12.44 percent for general service employees and 17.21 for public safety employees. Employer contributions for the year ended June 30, 2018 were \$2,875,323.

#### D. Actuarial valuations – Tier One/Tier Two

The December 31, 2015 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

##### *Actuarial cost method*

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

##### *Unfunded actuarial accrued liability amortization*

The Tier 1/Tier 2 UAL amortization period is reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

##### *Retiree healthcare unfunded actuarial accrued liability amortization*

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

##### *Asset valuation method*

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS. Real estate and private equity investments are reported on a three-month lag basis.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan (continued)

#### *Contribution rate stabilization method*

Contribution rates are confined to a collar based on the prior contribution rates. The new contribution rates will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60% or increases above 140%, the size of the collar doubles. If the funded percentage excluding side accounts is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale.

#### *Allocation of liability for service segments*

For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 25% based on account balance with each employer and 75% based on service with each employer. The entire normal cost is allocated to the current employer.

#### *Allocation of benefits-in-force reserve*

The reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

#### *Economic assumptions*

|                        |  |
|------------------------|--|
| Investment return      | 7.50% compounded annually  |
| Interest crediting     | 7.50% compounded annually on regular and variable account balances |
| Inflation              | 2.50% compounded annually  |
| Payroll growth         | 3.50% compounded annually  |
| Healthcare cost trends | Ranges from 6.3% in 2016 to 4.4% in 2094                           |

#### *Demographic assumptions*

##### Mortality tables

|                   |   |
|-------------------|---|
| Healthy retirees  | RP 2000, Generational (Scale BB) Combined Active/Healthy Annuitant, Sex Distinct  |
| Disabled retirees | RP 2000, Generational (Scale BB), Combined Disabled, No Collar, Sex Distinct. Male 70% and Female 95% of disabled table |
| Non-annuitants    | Ranges from 55% to 75% of healthy retired mortality tables depending upon sex and employment type                       |

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan (continued)

#### *Retirement assumptions*

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

#### *Salary increase assumptions*

Salary increase assumptions, in addition to general payroll growth, include merit increase, unused sick leave and vacation pay adjustments.

#### E. Actuarial valuations – OPSRP

The December 31, 2015 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows:

#### OPSRP unfunded actuarial accrued liability amortization

The UAL as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

#### Economic assumptions

An additional amount for administrative expenses is added to the normal cost.

#### Retirement assumptions

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

#### F. Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan (continued)

#### *Net pension liability*

At June 30, 2018, the County reported a liability of \$24,132,865 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

**Normal Cost Rate:** The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier One/Tier Two payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

**UAL Rate:** If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

The UAL has Tier One/Tier Two and OPSRP pieces. The Tier One/Tier Two piece is based on the employer's Tier One/Tier Two pooling arrangement. If an employer participates in one of the two large Tier One/Tier Two rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier One/Tier Two UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier One/Tier Two pooling arrangement, who are referred to as "Independent Employers", have their Tier One/Tier Two UAL tracked separately in the actuarial valuation.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**11. Defined benefit pension plan (continued)**

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2017, the County's proportion was .17902669 percent, which was an increase of .00092343 percent from its proportion measured as of June 30, 2016.

*Pension expense*

For the year ended June 30, 2018, the County recognized pension expense of \$4,613,848.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 1,167,076                                  | \$ --  |
| Changes of assumptions  | 4,398,991                                     | --   |
| Net difference between projected and actual earnings<br>on pension plan investments | 248,625                                       | --   |
| Changes in proportionate share  | 62,543  | 1,454,031                                    |
| Difference between contributions and proportionate<br>share of system contributions | 488,525                                       | 504,856                                      |
| Contributions subsequent to the measurement date                                    | <u>2,875,323</u>                              | <u>--</u>                                    |
| Total   | <u>\$ 9,241,083</u>                           | <u>\$ 1,958,887</u>                          |

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**11. Defined benefit pension plan (continued)**

Deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement in the amount of \$ 2,875,323 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|                    |                     |
|--------------------|---------------------|
| Year ends June 30, |                     |
| 2019               | \$ 597,047          |
| 2020               | 2,587,407           |
| 2021               | 1,746,819           |
| 2022               | (587,494)           |
| 2023               | 63,094              |
| Thereafter         | <u>          --</u> |
| Total              | <u>\$ 4,406,873</u> |

Actuarial methods and assumptions used in developing total pension liability

The total pension liability measured as of June 30, 2017 was based on an actuarial valuation as of December 31, 2015 using the following methods and assumptions:

|                                   |   |
|-----------------------------------|---|
| Experience study report           | 2014, published September 2015  |
| Inflation rate                    | 2.5 percent   |
| Long-term expected rate of return | 7.5 percent   |
| Discount rate                     | 7.5 percent   |
| Projected salary increases        | 3.5 percent   |
|                                   | Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with <i>Moro</i> decision; blend based on service  |
| Mortality                         | <b><i>Healthy retirees and beneficiaries:</i></b><br>RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.<br><b><i>Active members:</i></b><br>Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.<br><b><i>Disabled retirees:</i></b><br>Mortality rates are a percentage (70 percent for males, 95 percent for females) of the RP-2000 Sex-distinct generational per Scale BB, disabled mortality table. |

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

#### *Discount rate*

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. On July 28, 2017, the PERS Board adopted a discount rate of 7.2 percent. The new rate will be effective January 1, 2018.

#### *Long-term expected rate of return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both the actuaries' capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan (continued)

| Asset Class                       | Target<br>Allocation | Compound<br>Annual Return<br>(Geometric) |
|-----------------------------------|----------------------|--|
| Core Fixed Income                 | 8.00%                | 4.00%                                    |
| Short-Term Bonds                  | 8.00%                | 3.61%                                    |
| Bank/Leveraged Loans              | 3.00%                | 5.42%                                    |
| High Yield Bonds                  | 1.00%                | 6.20%                                    |
| Large/Mid Cap US Equities         | 15.75%               | 6.70%                                    |
| Small Cap US Equities             | 1.31%                | 6.99%                                    |
| Micro Cap US Equities             | 1.31%                | 7.01%                                    |
| Developed Foreign Equities        | 13.13%               | 6.73%                                    |
| Emerging Market Equities          | 4.12%                | 7.25%                                    |
| Non-US Small Cap Equities         | 1.88%                | 7.22%                                    |
| Private Equity                    | 17.50%               | 7.97%                                    |
| Real Estate (Property)            | 10.00%               | 5.84%                                    |
| Real Estate (REITS)               | 2.50%                | 6.69%                                    |
| Hedge Fund of Funds - diversified | 2.50%                | 4.64%                                    |
| Hedge Fund - Event-driven         | 0.63%                | 6.72%                                    |
| Commodities/Other                 | 9.37%                | 7.01%                                    |
| Assumed Inflation - Mean          |                      | 2.50%                                    |

#### *Depletion date projection*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**11. Defined benefit pension plan (continued)**

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

**G. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

|   | 1 Percentage<br>Point<br>Lower | Current<br>Discount<br>Rate | 1 Percentage<br>Point<br>Higher |
|---|--------------------------------|-----------------------------|---------------------------------|
| Proportionate share of<br>net pension liability | \$ 41,126,809                  | \$ 24,132,865               | \$ 9,922,782                    |

**12. Defined contribution plan**

**A. Plan description**

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

**B. Pension benefits**

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 12. Defined contribution plan (continued)

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

#### C. Death benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

#### D. Contributions

The County makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2018 were \$1,128,172.

#### E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

### 13. Other Postemployment Benefits

#### Employee Benefit Plan for the Employees of Polk County

##### A. Plan description and benefits provided

The County provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

##### B. Plan membership

As of June 30, 2018, there were 296 active employees, 10 eligible retirees, and 2 spouses of ineligible retirees for a total of 308 plan members.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other Postemployment Benefits (continued)**

C. Contributions

The County funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the County are as follows:

|                         |    |     |
|-------------------------|----|-----|
| For retirees            | \$ | 783 |
| For spouses of retirees |    | 845 |

D. Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2018, the County reported a total OPEB liability of \$2,069,516. The total OPEB liability was measured as of June 30, 2017 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

|  | Total OPEB<br>Liability     |
|--|-----------------------------|
|  | <u>                    </u> |
| Balances at June 30, 2017              | \$ 2,066,784                |
| Changes for the year:                  |                             |
| Service cost                           | 199,811                     |
| Interest                               | 62,815                      |
| Changes in assumptions or other inputs | (133,908)                   |
| Benefit payments                       | <u>(125,986)</u>            |
| Balances at June 30, 2018              | <u>\$ 2,069,516</u>         |

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other Postemployment Benefits (continued)**

For the year ended June 30, 2018, the County recognized OPEB expense of \$261,061. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
|   | <u>                    </u>          | <u>                    </u>         |
| Changes of assumptions or inputs                          | \$ --                                | \$ 119,353                          |
| County's contributions subsequent to the measurement date | <u>138,976</u>                       | <u>--</u>                           |
|   | <u>\$ 138,976</u>                    | <u>\$ 119,353</u>                   |

Deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date in the amount of \$138,976 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ends June 30, |             |
|--------------------|-------------|
| 2019               | \$ (14,555) |
| 2020               | (14,555)    |
| 2021               | (14,555)    |
| 2022               | (14,555)    |
| 2023               | (14,555)    |
| Thereafter         | (46,578)    |

**E. Actuarial valuation**

The County contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other Postemployment Benefits (continued)**

F. Actuarial methods and assumptions used in developing total OPEB liability

|                            |   |
|----------------------------|---|
| Valuation Date             | July 1, 2016  |
| Actuarial Cost Method      | Entry Age Normal, Level Percent of Pay  |
| Actuarial Assumptions:     |   |
| Inflation Rate             | 2.5 percent   |
| Projected Salary Increases | 3.5 percent   |
| Mortality                  | Healthy retirees and beneficiaries:<br>RP-2000 white collar male and female set back<br>one year for male, generational per Scale BB for<br>males and females |

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount rate

The discount rate used to measure the total OPEB liability was 3.58 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.85 percent.

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

| Year      | Pre-65 Trend |
|-----------|--------------|
| 2016      | 7.00%        |
| 2017      | 7.50%        |
| 2018      | 6.00%        |
| 2019      | 5.50%        |
| 2020-2025 | 5.25%        |
| 2026      | 5.00%        |
| 2027-2029 | 5.25%        |
| 2030      | 5.75%        |
| 2031-2035 | 6.25%        |
| 2036-2040 | 6.00%        |
| 2041-2043 | 5.75%        |
| 2044-2052 | 5.50%        |
| 2053-2063 | 5.25%        |
| 2064+     | 5.00%        |

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other Postemployment Benefits (continued)**

Dental costs are assumed to increase 4.5 percent in all future years.

Sensitivity of the County total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the County total OPEB liability calculated using the discount rate of 3.58 percent, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

|                               | <u>1 Percentage<br/>Point<br/>Lower</u> | <u>Current<br/>Discount<br/>Rate</u> | <u>1 Percentage<br/>Point<br/>Higher</u> |
|-------------------------------|---|--------------------------------------|--|
| County's total OPEB liability | \$ 2,248,128                            | \$ 2,069,516                         | \$ 1,905,084                             |
|                               | <u>1 Percentage<br/>Point<br/>Lower</u> | <u>Current<br/>Trend<br/>Rate</u>    | <u>1 Percentage<br/>Point<br/>Higher</u> |
| County's total OPEB liability | \$ 1,847,226                            | \$ 2,069,516                         | \$ 2,331,345                             |

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 13. Other Postemployment Benefits (continued)

#### Oregon Public Employees Retirement Systems Retirement Health Insurance Account

##### A. Plan description

The County contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at: [www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf](http://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf)

##### B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

#### *Other Postemployment Healthcare benefits*

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

To be eligible, the member must:

- 1) Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
- 2) Receive both Medicare Parts A and B coverage
- 3) Enroll in a PERS-sponsored health plan

#### *Surviving spouse or dependent benefits*

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 13. Other Postemployment Benefits (continued)

#### C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The County contributed 0.07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2018, the County made contributions in the amount of \$85,243 to the RHIA.

#### D. Actuarial valuations

Except as outlined below, the December 31, 2015 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed in note 11 .

##### *Economic assumptions*

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment for health insurance.

##### *Retiree healthcare participation assumptions*

Eligible retiring members are assumed to elect RHIA coverage 38% of the time for health retirees and 20% of the time for disabled retirees.

#### E. Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

##### *Net OPEB liability (asset)*

At June 30, 2018, the County reported an asset of \$68,772 for its proportionate share of the net OPEB asset. The net OPEB liability/(asset) was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2017, the County's proportion was .16478585 percent, which was an increase of .00607987 percent from its proportion measured as of June 30, 2016.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other Postemployment Benefits (continued)**

*OPEB expense*

For the year ended June 30, 2018, the County recognized OPEB expense of \$1,987.

*Deferred inflows of resources and deferred outflows of resources*

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Net difference between projected and actual earnings<br>on pension plan investments | \$ --   | \$ 31,851                                    |
| Changes in proportionate share  | 1,205   | --   |
| Contributions subsequent to the measurement date                                    | <u>85,243</u>                                 | <u>--</u>                                    |
| Total   | <u>\$ 86,448</u>                              | <u>\$ 31,851</u>                             |

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 13. Other Postemployment Benefits (continued)

Deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date in the amount of \$85,243 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                    |                     |
|--------------------|---------------------|
| Year ends June 30, |                     |
| 2019               | \$ (7,517)          |
| 2020               | (7,517)             |
| 2021               | (7,650)             |
| 2022               | (7,962)             |
| 2023               | <u>          --</u> |
| Total              | <u>\$ (30,646)</u>  |

#### F. Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in note 11 .

#### *Healthcare cost trend rate*

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

#### *Depletion date projection*

GASB 75 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other Postemployment Benefits (continued)**

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

G. G. Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

|  | 1 Percentage<br>Point<br>Lower | Current<br>Discount<br>Rate | 1 Percentage<br>Point<br>Higher |
|--|--------------------------------|-----------------------------|---------------------------------|
| Proportionate share of<br>net OPEB liability/(asset) | \$ 9,587                       | \$ (68,772)                 | \$ (135,421)                    |

**14. Net Position Restricted Through Enabling Legislation**

The government-wide statement of net position reports \$11,078,240 of restricted net position, of which \$128,214 is restricted by enabling legislation.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 15. Governmental Fund Balances

Fund balance amounts for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

|                                     | General                    | Public<br>Works            | Behavioral<br>Health       | Nonmajor<br>Governmental<br>Funds | Totals                      |
|-------------------------------------|----------------------------|----------------------------|----------------------------|-----------------------------------|-----------------------------|
| <b>Nonspendable:</b>                |                            |                            |                            |                                   |                             |
| Inventory                           | \$ -                       | \$ 276,790                 | \$ -                       | \$ -                              | \$ 276,790                  |
| Prepays                             | 75,826                     | 220                        | 82,266                     | 11,869                            | 170,181                     |
| <b>Restricted for:</b>              |                            |                            |                            |                                   |                             |
| Roads and street maintenance        | -                          | 885,628                    | -                          | -                                 | 885,628                     |
| Bicycle path construction/mainten:  | -                          | 300,204                    | -                          | -                                 | 300,204                     |
| Law enforcement                     | -                          | -                          | -                          | 317,212                           | 317,212                     |
| Health and welfare                  | -                          | -                          | 7,760,477                  | 190,329                           | 7,950,806                   |
| Economic development                | -                          | -                          | -                          | 298,145                           | 298,145                     |
| Education                           | -                          | -                          | -                          | 83,682                            | 83,682                      |
| Debt service                        | -                          | -                          | -                          | 14,929                            | 14,929                      |
| Other purposes                      | 186,205                    | -                          | -                          | 189,426                           | 375,631                     |
| <b>Committed for:</b>               |                            |                            |                            |                                   |                             |
| Dog control                         | -                          | -                          | -                          | 2,025                             | 2,025                       |
| Fair and fairgrounds facility suppo | -                          | -                          | -                          | 2,538                             | 2,538                       |
| <b>Unassigned</b>                   | <u>5,052,305</u>           | <u>-</u>                   | <u>-</u>                   | <u>(187,628)</u>                  | <u>4,864,677</u>            |
| <b>Total Fund Balances</b>          | <b><u>\$ 5,314,336</u></b> | <b><u>\$ 1,462,842</u></b> | <b><u>\$ 7,842,743</u></b> | <b><u>\$ 922,527</u></b>          | <b><u>\$ 15,542,448</u></b> |

### 16. Deficit Fund Balances

As of June 30, 2018, the Building Improvement Fund has a deficit fund balance in the amount of \$66,109. This deficit will be eliminated through increased transfers from other funds in the subsequent year.

As of June 30, 2018, the Doaks Ferry Interchange Fund has a deficit fund balance in the amount of \$121,519. This deficit will be eliminated through a transfer from Public Works fund in a subsequent year.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 17. Tax Abatements

Polk County negotiates property tax abatement agreements on an individual basis. For the fiscal year ended June 30, 2018, the County had agreements which reduced property taxes levied on 12 properties for certified historic properties and for enterprise zone properties.

Property taxes for certified historic properties are abated for 10 consecutive years on the assessed value of qualifying improvements to the property pursuant to ORS 358.475-.545. The taxpayer is required to make qualified improvement to the property within the first five years in an amount of at least ten percent of the historic property's real market value at the time of program qualification. The County has not made any commitments as part of these agreements other than to reduce taxes. State law provides for the recapture of taxes abated, in addition to interest and penalties, if the property is disqualified during the term of the agreement.

Enterprise zones are property areas designated by the Oregon Business Development Department and determined on a case-by-case basis based on requirements under ORS 285C.090 which includes criteria for zone resident household income and unemployment rates. Qualifying enterprise zone businesses are exempted from paying property taxes on qualifying new construction and equipment for 3 - 5 years. The County has not made any commitments as part of these agreements other than to reduce taxes. State law provides for the recapture of taxes abated if the business ceases to meet the requirements of the program.

The County is not subject to any tax abatement agreements entered into by other governmental entities. The County has chosen to disclose information about its tax abatement agreements in total by abatement program type.

Property taxes abated by Polk County for the year ended June 30, 2018, listed by abatement program are as follows:

| <u>Abatement Program</u> | <u>Percentage of Taxes Abated</u> | <u>Total Property Taxes Abated</u> | <u>Polk County Share Taxes Abated</u> |
|--------------------------|-----------------------------------|------------------------------------|---------------------------------------|
| Historic Property        | 29% - 51%                         | \$ 7,910                           | \$ 884                                |
| Enterprise Zone          | 100%                              | <u>192,604</u>                     | <u>33,093</u>                         |
| Total Abatement          |                                   | <u>\$200,514</u>                   | <u>\$ 33,977</u>                      |

### 18. Expenditures in Excess of Appropriation

| <u>Fund/Category</u> | <u>Appropriation</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------|----------------------|---------------|-----------------|
| Public Works         |                      |               |                 |
| Administration       | \$ 818,844           | \$ 827,338    | \$ (8,494)      |
| County shops         | 503,887              | 512,656       | (8,769)         |

**REQUIRED SUPPLEMENTARY INFORMATION**

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POLK COUNTY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 Last 10 Years Ended June 30, \*

|  | 2018          | 2017          | 2016          | 2015           | 2014          |
|--|---------------|---------------|---------------|----------------|---------------|
| Proportion of the collective net pension liability (asset)   | 0.17902669%   | 0.17810326%   | 0.21117493%   | 0.22053790%    | 0.22053790%   |
| Proportionate share of the collective net pension liability (asset)  | \$ 24,132,865 | \$ 26,737,435 | \$ 12,124,527 | \$ (4,998,965) | \$ 11,254,372 |
| Covered payroll  | \$ 18,802,869 | \$ 17,173,056 | \$ 15,389,727 | \$ 13,843,399  | \$ 14,470,863 |
| Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll | 128.347%      | 155.694%      | 78.783%       | -36.111%       | 77.773%       |
| Pension plan's fiduciary net position as a percentage of the total pension liability                       | 83.119%       | 124.181%      | 108.843%      | 103.590%       | 91.974%       |

**POLK COUNTY**

**SCHEDULE OF CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Last 10 Years Ended June 30, \***

|   | <u>2018</u>  | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  | <u>2014</u>  |
|---|--------------|--------------|--------------|--------------|--------------|
| Contractually required contributions                                    | \$ 2,875,323 | \$ 2,197,578 | \$ 1,967,344 | \$ 1,504,827 | \$ 1,577,230 |
| Contractually required contributions recognized by the pension plan     | 2,875,323    | 2,197,578    | 1,967,344    | 1,504,827    | 1,577,230    |
| Difference  | -            | -            | -            | -            | -            |
| Covered payroll   | 18,802,869   | 17,173,056   | 15,389,727   | 13,843,399   | 14,470,863   |
| Contractually required contributions as a percentage of covered payroll | 15.29194%    | 12.79666%    | 12.78349%    | 10.87036%    | 10.89935%    |

\* Information will be accumulated until 10 years are presented.

**POLK COUNTY**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER  
POSTEMPLOYMENT BENEFIT LIABILITY (ASSET)  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Years Ended June 30, \***

|   | <b>2018</b>   | <b>2017</b>   |
|---|---------------|---------------|
| Proportion of the collective net OPEB liability (asset)   | 0.16478585%   | 0.15870593%   |
| Proportionate share of the collective net OPEB liability (asset)  | \$ (68,772)   | \$ 43,099     |
| Covered payroll   | \$ 18,802,869 | \$ 17,173,056 |
| Proportionate share of the collective net OPEB liability (asset) as a percentage of the covered payroll | -0.366%       | 0.251%        |
| OPEB plan's fiduciary net position as a percentage of the total OPEB liability (asset)                  | 108.879%      | 94.148%       |

\* Information will be accumulated annually until 10 years is presented

**POLK COUNTY**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Last 10 Years Ended June 30, \***

|   | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|
| Contractually required contributions                                    | \$ 85,243   | \$ 82,007   |
| Contractually required contributions recognized by the plan             | 85,243      | 82,007      |
| Difference  | -           | -           |
| Covered payroll   | 18,802,869  | 17,173,056  |
| Contractually required contributions as a percentage of covered payroll | 0.45335%    | 0.47753%    |

\* Information will be accumulated until 10 years are presented.

**POLK COUNTY**  
**SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER**  
**POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS**  
**Last 10 Plan Fiscal Years\***

|  | June 30, 2018 |
|--|---------------|
| Service cost   | \$ 199,811    |
| Interest on total OPEB liability                           | 62,815        |
| Effect of assumptions changes or inputs                    | (133,908)     |
| Benefit payments   | (125,986)     |
| Net change in total OPEB liability                         | 2,732         |
| Total OPEB liability - beginning of year                   | 2,066,784     |
| Total OPEB liability - end of year                         | \$ 2,069,516  |
| Covered payroll  | \$ 18,802,869 |
| Total OPEB liability as a percentage<br>of covered payroll | 11.0%         |

Notes to schedule

\*Information will be accumulated until 10 years are presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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**COMBINING FINANCIAL STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

# NON-MAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

Special revenue funds account for revenues derived from specific taxes or other earmarked sources, including federal and state grant awards, which are restricted to particular functions or activities. Funds included in this category are:

*Polk Interagency Narcotics Team* – accounts for the receipt and expenditures of grants, forfeitures and other moneys belonging to the interagency group, the POINT team, to support drug enforcement and education activities.

*Multi-Disciplinary Intervention* – accounts for the receipt and expenditures of a grant received each year from the Children’s Services Division, the CAMI grant, disbursements are made as requested by the District Attorney.

*Domestic Mediation* – accounts for the receipt and expenditures of funds received from the Court and the state which are used to provide mediation services in child custody and visitation disputes.

*Court Security* – accounts for the receipts and expenditures of funds received from County assessments on fines and from the state for the purpose of providing security in buildings that contain state court facilities located within the County.

*Public Land Corner* – accounts for the receipt of recording fees and expenditures for surveying landmarks.

*Dog Control* – accounts for the receipt of permits and license fees for animal control.

*Marine Patrol* – accounts for the receipt and expenditure of funds received from the state for marine patrol activities.

*Law Library* – accounts for the receipt and expenditure of certain court fees, state funding and charges for maintaining a law library.

*Health Services* – accounts for the receipt and expenditures of state grants and charges for services to operate the County’s health services administration.

*Public Health* – accounts for the receipt and expenditures of state and federal grants, patient fees and a transfer from the General Fund for use in promoting public health including family planning, general health and Women’s Infants’ and Children’s programs.

*Juvenile* – accounts for the receipt and expenditures of state grants and a transfer from the General Fund for juvenile corrections programs.



## **NON-MAJOR GOVERNMENTAL FUNDS (continued)**

### **Special Revenue Funds (continued)**

*Veterans' Services* – accounts for the receipt and expenditures of state grants and transfers from the General fund to provide programs and services for veterans within Polk County.

*Fair* – accounts for the receipt and expenditures of state funding, Fair admission, rentals and concessions for operation of the annual County Fair and operations of the Fair buildings and grounds.

*County School* – accounts for receipt and expenditures of various state allocations for distribution to County school districts.

*Economic Development* – accounts for the receipt and expenditures of state grants and to promote economic development in the County.

*Household Hazardous Waste* – accounts for the receipt and expenditures of charges for services to operate the County's household hazardous waste program.

*Extension* – accounts for Oregon State University extension services educational programs, training and information for Polk County residents.

### **Debt Service Fund**

The Debt Service Fund accounts for payment of general obligation bond principal and interest. The principal source of revenue is property taxes.

### **Capital Projects Funds**

The capital projects funds account for resources used in the acquisition and construction of capital facilities and equipment. Funds included in this category are:

*Building Improvement* – accounts for major capital improvements. The financing source is primarily transfers from other funds.

*Doaks Ferry Road/Hwy 22 and 51* – accounts for the receipt and expenditure of funds provided by Oregon Department of Transportation for improvements on Doaks Ferry Road, Highway 22 and Highway 51.

**POLK COUNTY**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2018**

|   | <b>Special<br/>Revenue</b> | <b>Debt Service</b> | <b>Capital<br/>Projects</b> | <b>Totals</b>      |
|---|----------------------------|---------------------|-----------------------------|--------------------|
| <b>ASSETS</b>   |                            |                     |                             |                    |
| Cash and cash equivalents   | \$1,039,150                | \$ -                | \$ -                        | \$1,039,150        |
| Receivables   | 422,424                    | 77,818              | -                           | 500,242            |
| Prepaid items   | 11,869                     | -                   | -                           | 11,869             |
| <b>TOTAL ASSETS</b>   | <b>\$1,473,443</b>         | <b>\$ 77,818</b>    | <b>\$ -</b>                 | <b>\$1,551,261</b> |
| <b>LIABILITIES</b>  |                            |                     |                             |                    |
| Accounts payable and accrued liabilities  | \$ 174,616                 | \$ -                | \$ 51,920                   | \$ 226,536         |
| Due to General Fund   | 18,451                     | 42,124              | 135,708                     | 196,283            |
| <b>TOTAL LIABILITIES</b>  | <b>193,067</b>             | <b>42,124</b>       | <b>187,628</b>              | <b>422,819</b>     |
| <b>DEFERRED INFLOWS OF</b>  |                            |                     |                             |                    |
| Unavailable revenue   | 185,150                    | 20,765              | -                           | 205,915            |
| <b>FUND BALANCES</b>  |                            |                     |                             |                    |
| Nonspendable  | 11,869                     | -                   | -                           | 11,869             |
| Restricted  | 1,078,794                  | 14,929              | -                           | 1,093,723          |
| Committed   | 4,563                      | -                   | -                           | 4,563              |
| Unassigned  | -                          | -                   | (187,628)                   | (187,628)          |
| <b>TOTAL FUND BALANCES</b>  | <b>1,095,226</b>           | <b>14,929</b>       | <b>(187,628)</b>            | <b>922,527</b>     |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES AND FUND<br/>BALANCES</b> | <b>\$1,473,443</b>         | <b>\$ 77,818</b>    | <b>\$ -</b>                 | <b>\$1,551,261</b> |

**POLK COUNTY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2018**

|   | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Totals</u>     |
|---|----------------------------|-------------------------|-----------------------------|-------------------|
| <b>REVENUES</b>                                   |                            |                         |                             |                   |
| Property taxes                                    | \$ 426,012                 | \$ 110,029              | \$ -                        | \$ 536,041        |
| Licenses, fees and permits                        | 65,185                     | -                       | -                           | 65,185            |
| Intergovernmental                                 | 4,113,265                  | -                       | -                           | 4,113,265         |
| Charges for services                              | 1,519,488                  | -                       | -                           | 1,519,488         |
| Franchise fees                                    | 219,409                    | -                       | -                           | 219,409           |
| Fines and forfeitures                             | 10,819                     | -                       | -                           | 10,819            |
| Donations   | 234,092                    | -                       | -                           | 234,092           |
| Interest  | 3,853                      | 37                      | -                           | 3,890             |
| Miscellaneous                                     | 8,374                      | -                       | -                           | 8,374             |
| <b>TOTAL REVENUES</b>                             | <u>6,600,497</u>           | <u>110,066</u>          | <u>-</u>                    | <u>6,710,563</u>  |
| <b>EXPENDITURES</b>                               |                            |                         |                             |                   |
| Current   |                            |                         |                             |                   |
| General government                                | 1,630,533                  | -                       | 48,171                      | 1,678,704         |
| Public safety                                     | 1,455,626                  | -                       | -                           | 1,455,626         |
| Highways and streets                              | 105,065                    | -                       | -                           | 105,065           |
| Health and welfare                                | 4,576,313                  | -                       | -                           | 4,576,313         |
| Education   | 389,831                    | -                       | -                           | 389,831           |
| Debt service - principal                          | -                          | -                       | 140,000                     | 140,000           |
| Debt service - interest                           | -                          | -                       | 61,880                      | 61,880            |
| Capital outlay                                    | 141,615                    | -                       | 472,405                     | 614,020           |
| <b>TOTAL EXPENDITURES</b>                         | <u>8,298,983</u>           | <u>-</u>                | <u>722,456</u>              | <u>9,021,439</u>  |
| Excess (deficiency) of revenues over expenditures | (1,698,486)                | 110,066                 | (722,456)                   | (2,310,876)       |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                            |                         |                             |                   |
| Transfers in                                      | 1,725,000                  | -                       | 850,000                     | 2,575,000         |
| Net change in fund balances                       | 26,514                     | 110,066                 | 127,544                     | 264,124           |
| Fund balances at beginning of year                | 1,068,712                  | (95,137)                | (315,172)                   | 658,403           |
| Fund balances at end of year                      | <u>\$ 1,095,226</u>        | <u>\$ 14,929</u>        | <u>\$ (187,628)</u>         | <u>\$ 922,527</u> |

**POLK COUNTY**

**SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2018**

|   | Polk                             |  |                       |                   |                       |                 |                  |                  |
|---|----------------------------------|--|-----------------------|-------------------|-----------------------|-----------------|------------------|------------------|
|   | Interagency<br>Narcotics<br>Team | Multi-<br>Disciplinary<br>Intervention | Domestic<br>Mediation | Court<br>Security | Public Land<br>Corner | Dog<br>Control  | Marine<br>Patrol | Law<br>Library   |
| <b>ASSETS</b>   |                                  |  |                       |                   |                       |                 |                  |                  |
| Cash and cash equivalents   | \$ 101,724                       | \$ 36,786                              | \$ 27,848             | \$ 99,277         | \$ 106,082            | \$ 2,671        | \$ 10,235        | \$ 10,651        |
| Receivables   | -                                | 30,392                                 | -                     | 2,330             | -                     | -               | 7,240            | -                |
| Prepaid items   | -                                | -                                      | -                     | -                 | -                     | -               | -                | -                |
| <b>TOTAL ASSETS</b>   | <u>\$ 101,724</u>                | <u>\$ 67,178</u>                       | <u>\$ 27,848</u>      | <u>\$ 101,607</u> | <u>\$ 106,082</u>     | <u>\$ 2,671</u> | <u>\$ 17,475</u> | <u>\$ 10,651</u> |
| <b>LIABILITIES</b>  |                                  |  |                       |                   |                       |                 |                  |                  |
| Accounts payable and accrued liabilities                                      | \$ 317                           | \$ 12,469                              | \$ 15,173             | \$ -              | \$ 1,174              | \$ 646          | \$ 2,958         | \$ 2,533         |
| Due to General Fund   | -                                | -                                      | -                     | -                 | -                     | -               | -                | -                |
| <b>TOTAL LIABILITIES</b>  | <u>317</u>                       | <u>12,469</u>                          | <u>15,173</u>         | <u>-</u>          | <u>1,174</u>          | <u>646</u>      | <u>2,958</u>     | <u>2,533</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                  |  |                       |                   |                       |                 |                  |                  |
| Unavailable revenue   | -                                | -                                      | -                     | -                 | -                     | -               | -                | -                |
| <b>FUND BALANCES</b>  |                                  |  |                       |                   |                       |                 |                  |                  |
| Nonspendable  | -                                | -                                      | -                     | -                 | -                     | -               | -                | -                |
| Restricted  | 101,407                          | 54,709                                 | 12,675                | 101,607           | 104,908               | -               | 14,517           | 8,118            |
| Committed   | -                                | -                                      | -                     | -                 | -                     | 2,025           | -                | -                |
| <b>TOTAL FUND BALANCES</b>  | <u>101,407</u>                   | <u>54,709</u>                          | <u>12,675</u>         | <u>101,607</u>    | <u>104,908</u>        | <u>2,025</u>    | <u>14,517</u>    | <u>8,118</u>     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> | <u>\$ 101,724</u>                | <u>\$ 67,178</u>                       | <u>\$ 27,848</u>      | <u>\$ 101,607</u> | <u>\$ 106,082</u>     | <u>\$ 2,671</u> | <u>\$ 17,475</u> | <u>\$ 10,651</u> |

| <b>Health Services</b> | <b>Public Health</b> | <b>Juvenile</b>   | <b>Veterans Services</b> | <b>Fair</b>      | <b>Economic Development</b> | <b>Household Hazardous Waste</b> | <b>Extension</b> | <b>Totals</b>       |
|------------------------|----------------------|-------------------|--------------------------|------------------|-----------------------------|----------------------------------|------------------|---------------------|
| \$ 77,715              | \$ -                 | \$ 111,352        | \$ -                     | \$ 21,334        | \$ 302,045                  | \$ 64,671                        | \$ 66,759        | \$ 1,039,150        |
| 77,970                 | 218,880              | 15,894            | 28,682                   | -                | -                           | 16,100                           | 24,936           | 422,424             |
| -                      | 650                  | 2,075             | 770                      | 5,901            | -                           | -                                | 2,473            | 11,869              |
| <u>\$ 155,685</u>      | <u>\$ 219,530</u>    | <u>\$ 129,321</u> | <u>\$ 29,452</u>         | <u>\$ 27,235</u> | <u>\$ 302,045</u>           | <u>\$ 80,771</u>                 | <u>\$ 94,168</u> | <u>\$ 1,473,443</u> |
| \$ 7,269               | \$ 55,833            | \$ 27,565         | \$ 2,399                 | \$ 18,796        | \$ 3,900                    | \$ 21,936                        | \$ 1,648         | \$ 174,616          |
| -                      | 9,302                | -                 | 9,149                    | -                | -                           | -                                | -                | 18,451              |
| 7,269                  | 65,135               | 27,565            | 11,548                   | 18,796           | 3,900                       | 21,936                           | 1,648            | 193,067             |
| <u>103,000</u>         | <u>67,667</u>        | <u>-</u>          | <u>-</u>                 | <u>-</u>         | <u>-</u>                    | <u>-</u>                         | <u>14,483</u>    | <u>185,150</u>      |
| -                      | 650                  | 2,075             | 770                      | 5,901            | -                           | -                                | 2,473            | 11,869              |
| 45,416                 | 86,078               | 99,681            | 17,134                   | -                | 298,145                     | 58,835                           | 75,564           | 1,078,794           |
| -                      | -                    | -                 | -                        | 2,538            | -                           | -                                | -                | 4,563               |
| <u>45,416</u>          | <u>86,728</u>        | <u>101,756</u>    | <u>17,904</u>            | <u>8,439</u>     | <u>298,145</u>              | <u>58,835</u>                    | <u>78,037</u>    | <u>1,095,226</u>    |
| <u>\$ 155,685</u>      | <u>\$ 219,530</u>    | <u>\$ 129,321</u> | <u>\$ 29,452</u>         | <u>\$ 27,235</u> | <u>\$ 302,045</u>           | <u>\$ 80,771</u>                 | <u>\$ 94,168</u> | <u>\$ 1,473,443</u> |

**POLK COUNTY**

**SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2018**

|   | Polk              |                  |                  |                   |                   |                 |                  |                 |
|---|-------------------|------------------|------------------|-------------------|-------------------|-----------------|------------------|-----------------|
|   | Interagency       | Multi-           |                  |                   |                   |                 |                  |                 |
|   | Narcotics         | Disciplinary     | Domestic         | Court             | Public Land       | Dog             | Marine           | Law             |
|   | Team              | Intervention     | Mediation        | Security          | Corner            | Control         | Patrol           | Library         |
| <b>REVENUES</b>                                   |                   |                  |                  |                   |                   |                 |                  |                 |
| Property taxes                                    | \$ -              | \$ -             | \$ -             | \$ -              | \$ -              | \$ -            | \$ -             | \$ -            |
| Licenses, fees and permits                        | -                 | -                | -                | -                 | -                 | 65,185          | -                | -               |
| Intergovernmental                                 | 30,000            | 121,569          | 35,683           | 14,418            | -                 | -               | 130,689          | 52,833          |
| Charges for services                              | -                 | -                | -                | -                 | 129,276           | -               | -                | -               |
| Franchise fees                                    | -                 | -                | -                | -                 | -                 | -               | -                | -               |
| Fines and forfeitures                             | 945               | -                | -                | 9,874             | -                 | -               | -                | -               |
| Donations   | -                 | -                | -                | -                 | -                 | -               | -                | -               |
| Interest  | -                 | -                | -                | 1,573             | -                 | -               | -                | -               |
| Miscellaneous                                     | 2,537             | -                | -                | -                 | -                 | -               | -                | -               |
| <b>TOTAL REVENUES</b>                             | <u>33,482</u>     | <u>121,569</u>   | <u>35,683</u>    | <u>25,865</u>     | <u>129,276</u>    | <u>65,185</u>   | <u>130,689</u>   | <u>52,833</u>   |
| <b>EXPENDITURES</b>                               |                   |                  |                  |                   |                   |                 |                  |                 |
| Current   |                   |                  |                  |                   |                   |                 |                  |                 |
| General government                                | -                 | -                | 36,765           | -                 | -                 | -               | -                | 67,883          |
| Public safety                                     | 36,688            | 76,627           | -                | 24,669            | -                 | 177,330         | 80,003           | -               |
| Highways and streets                              | -                 | -                | -                | -                 | 105,065           | -               | -                | -               |
| Health and welfare                                | -                 | -                | -                | -                 | -                 | -               | -                | -               |
| Education   | -                 | -                | -                | -                 | -                 | -               | -                | -               |
| Capital Outlay                                    | -                 | -                | -                | -                 | -                 | -               | -                | -               |
| <b>TOTAL EXPENDITURES</b>                         | <u>36,688</u>     | <u>76,627</u>    | <u>36,765</u>    | <u>24,669</u>     | <u>105,065</u>    | <u>177,330</u>  | <u>80,003</u>    | <u>67,883</u>   |
| Excess (deficiency) of revenues over expenditures | (3,206)           | 44,942           | (1,082)          | 1,196             | 24,211            | (112,145)       | 50,686           | (15,050)        |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                   |                  |                  |                   |                   |                 |                  |                 |
| Transfers in                                      | -                 | -                | 10,000           | -                 | -                 | 110,000         | 20,000           | 15,000          |
| Net change in fund balances                       | (3,206)           | 44,942           | 8,918            | 1,196             | 24,211            | (2,145)         | 70,686           | (50)            |
| Fund balances at beginning of year                | 104,613           | 9,767            | 3,757            | 100,411           | 80,697            | 4,170           | (56,169)         | 8,168           |
| Fund balances at end of year                      | <u>\$ 101,407</u> | <u>\$ 54,709</u> | <u>\$ 12,675</u> | <u>\$ 101,607</u> | <u>\$ 104,908</u> | <u>\$ 2,025</u> | <u>\$ 14,517</u> | <u>\$ 8,118</u> |

| <b>Health Services</b> | <b>Public Health</b> | <b>Juvenile</b>   | <b>Veterans' Services</b> | <b>Fair</b>     | <b>County School</b> | <b>Economic Development</b> | <b>Household Hazardous Waste</b> | <b>Extension</b> | <b>Totals</b>       |
|------------------------|----------------------|-------------------|---------------------------|-----------------|----------------------|-----------------------------|----------------------------------|------------------|---------------------|
| \$ -                   | \$ -                 | \$ -              | \$ -                      | \$ -            | \$ -                 | \$ -                        | \$ -                             | \$ 426,012       | \$ 426,012          |
| -                      | -                    | -                 | -                         | -               | -                    | -                           | -                                | -                | 65,185              |
| 1,236,845              | 1,613,894            | 217,397           | 114,730                   | 122,182         | 1,017                | 422,008                     | -                                | -                | 4,113,265           |
| 988,806                | 79,434               | 39,598            | -                         | 282,374         | -                    | -                           | -                                | -                | 1,519,488           |
| -                      | -                    | -                 | -                         | -               | 152,364              | -                           | 67,045                           | -                | 219,409             |
| -                      | -                    | -                 | -                         | -               | -                    | -                           | -                                | -                | 10,819              |
| 166,097                | 32,007               | -                 | 375                       | 25,863          | -                    | -                           | -                                | 9,750            | 234,092             |
| -                      | -                    | -                 | -                         | -               | -                    | -                           | -                                | 2,280            | 3,853               |
| 530                    | 20                   | 10                | -                         | 5,277           | -                    | -                           | -                                | -                | 8,374               |
| <u>2,392,278</u>       | <u>1,725,355</u>     | <u>257,005</u>    | <u>115,105</u>            | <u>435,696</u>  | <u>153,381</u>       | <u>422,008</u>              | <u>67,045</u>                    | <u>438,042</u>   | <u>6,600,497</u>    |
| -                      | -                    | 22,098            | 168,608                   | 605,028         | 153,381              | 491,783                     | 84,987                           | -                | 1,630,533           |
| -                      | -                    | 1,060,309         | -                         | -               | -                    | -                           | -                                | -                | 1,455,626           |
| -                      | -                    | -                 | -                         | -               | -                    | -                           | -                                | -                | 105,065             |
| 2,506,925              | 2,069,388            | -                 | -                         | -               | -                    | -                           | -                                | -                | 4,576,313           |
| -                      | -                    | -                 | -                         | -               | -                    | -                           | -                                | 389,831          | 389,831             |
| -                      | -                    | -                 | -                         | 141,615         | -                    | -                           | -                                | -                | 141,615             |
| <u>2,506,925</u>       | <u>2,069,388</u>     | <u>1,082,407</u>  | <u>168,608</u>            | <u>746,643</u>  | <u>153,381</u>       | <u>491,783</u>              | <u>84,987</u>                    | <u>389,831</u>   | <u>8,298,983</u>    |
| (114,647)              | (344,033)            | (825,402)         | (53,503)                  | (310,947)       | -                    | (69,775)                    | (17,942)                         | 48,211           | (1,698,486)         |
| <u>100,000</u>         | <u>310,000</u>       | <u>800,000</u>    | <u>65,000</u>             | <u>295,000</u>  | -                    | -                           | -                                | -                | <u>1,725,000</u>    |
| (14,647)               | (34,033)             | (25,402)          | 11,497                    | (15,947)        | -                    | (69,775)                    | (17,942)                         | 48,211           | 26,514              |
| <u>60,063</u>          | <u>120,761</u>       | <u>127,158</u>    | <u>6,407</u>              | <u>24,386</u>   | -                    | <u>367,920</u>              | <u>76,777</u>                    | <u>29,826</u>    | <u>1,068,712</u>    |
| <u>\$ 45,416</u>       | <u>\$ 86,728</u>     | <u>\$ 101,756</u> | <u>\$ 17,904</u>          | <u>\$ 8,439</u> | <u>\$ -</u>          | <u>\$ 298,145</u>           | <u>\$ 58,835</u>                 | <u>\$ 78,037</u> | <u>\$ 1,095,226</u> |

**POLK COUNTY**

**POLK INTERAGENCY NARCOTICS TEAM - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|                                   | <u>Budget</u>  | <u>Actual</u>     | <u>Variance</u>   |
|-----------------------------------|----------------|-------------------|-------------------|
| <b>REVENUES</b>                   |                |                   |                   |
| Intergovernmental                 | \$ 35,000      | \$ 30,000         | \$ (5,000)        |
| Fines and forfeitures             | -              | 945               | 945               |
| Miscellaneous                     | -              | 2,537             | 2,537             |
| <b>TOTAL REVENUES</b>             | <u>35,000</u>  | <u>33,482</u>     | <u>(1,518)</u>    |
| <b>EXPENDITURES</b>               |                |                   |                   |
| Materials and services            | 138,931        | 25,619            | 113,312           |
| Interdepartment charges           | 11,069         | 11,069            | -                 |
| <b>TOTAL EXPENDITURES</b>         | <u>150,000</u> | <u>36,688</u>     | <u>113,312</u>    |
| Net change in fund balance        | (115,000)      | (3,206)           | 111,794           |
| Fund balance at beginning of year | <u>115,000</u> | <u>104,613</u>    | <u>(10,387)</u>   |
| Fund balance at end of year       | <u>\$ -</u>    | <u>\$ 101,407</u> | <u>\$ 101,407</u> |



**POLK COUNTY**

**MULTI-DISCIPLINARY INTERVENTION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|                                   | <u>Budget</u>     | <u>Actual</u>     | <u>Variance</u>  |
|-----------------------------------|-------------------|-------------------|------------------|
| <b>REVENUES</b>                   |                   |                   |                  |
| Intergovernmental                 | <u>\$ 102,700</u> | <u>\$ 121,569</u> | <u>\$ 18,869</u> |
| <b>EXPENDITURES</b>               |                   |                   |                  |
| Personal services                 | 15,031            | 1,586             | 13,445           |
| Materials and services            | 105,153           | 72,525            | 32,628           |
| Interdepartment charges           | <u>2,516</u>      | <u>2,516</u>      | <u>-</u>         |
| <b>TOTAL EXPENDITURES</b>         | <u>122,700</u>    | <u>76,627</u>     | <u>46,073</u>    |
| Net change in fund balance        | (20,000)          | 44,942            | 64,942           |
| Fund balance at beginning of year | <u>20,000</u>     | <u>9,767</u>      | <u>(10,233)</u>  |
| Fund balance at end of year       | <u>\$ -</u>       | <u>\$ 54,709</u>  | <u>\$ 54,709</u> |

**POLK COUNTY**

**DOMESTIC MEDIATION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|                                       | <u>Budget</u> | <u>Actual</u>    | <u>Variance</u>  |
|---------------------------------------|---------------|------------------|------------------|
| <b>REVENUES</b>                       |               |                  |                  |
| Intergovernmental                     | \$ 30,000     | \$ 35,683        | \$ 5,683         |
| <b>EXPENDITURES</b>                   |               |                  |                  |
| Materials and services                | 43,337        | 35,102           | 8,235            |
| Interdepartment charges               | 1,663         | 1,663            | -                |
| <b>TOTAL EXPENDITURES</b>             | <u>45,000</u> | <u>36,765</u>    | <u>8,235</u>     |
| Excess (deficiency) of revenues over  | (15,000)      | (1,082)          | 13,918           |
| <b>OTHER FINANCING SOURCES (USES)</b> |               |                  |                  |
| Transfers in                          | <u>15,000</u> | <u>10,000</u>    | <u>(5,000)</u>   |
| Net change in fund balance            | -             | 8,918            | 8,918            |
| Fund balance at beginning of year     | <u>-</u>      | <u>3,757</u>     | <u>3,757</u>     |
| Fund balance at end of year           | <u>\$ -</u>   | <u>\$ 12,675</u> | <u>\$ 12,675</u> |

**POLK COUNTY**

**COURT SECURITY - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

|                                   | <u>Budget</u>  | <u>Actual</u>     | <u>Variance</u>   |
|-----------------------------------|----------------|-------------------|-------------------|
| <b>REVENUES</b>                   |                |                   |                   |
| Intergovernmental                 | \$ 15,000      | \$ 14,418         | \$ (582)          |
| Fines and forfeitures             | 10,000         | 9,874             | (126)             |
| Interest                          | 1,000          | 1,573             | 573               |
|                                   | <u>26,000</u>  | <u>25,865</u>     | <u>(135)</u>      |
| <b>EXPENDITURES</b>               |                |                   |                   |
| Materials and services            | 93,706         | 7,375             | 86,331            |
| Interdepartment charges           | 17,294         | 17,294            | -                 |
| Capital outlay                    | 25,000         | -                 | 25,000            |
|                                   | <u>136,000</u> | <u>24,669</u>     | <u>111,331</u>    |
| Net change in fund balance        | (110,000)      | 1,196             | 111,196           |
| Fund balance at beginning of year | <u>110,000</u> | <u>100,411</u>    | <u>(9,589)</u>    |
| Fund balance at end of year       | <u>\$ -</u>    | <u>\$ 101,607</u> | <u>\$ 101,607</u> |

**POLK COUNTY**

**PUBLIC LAND CORNER - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|                                   | <u>Budget</u>  | <u>Actual</u>     | <u>Variance</u>   |
|-----------------------------------|----------------|-------------------|-------------------|
| <b>REVENUES</b>                   |                |                   |                   |
| Charges for services              | \$ 125,000     | \$ 129,276        | \$ 4,276          |
| <b>EXPENDITURES</b>               |                |                   |                   |
| Materials and services            | 177,756        | 82,821            | 94,935            |
| Interdepartment charges           | 22,244         | 22,244            | -                 |
| <b>TOTAL EXPENDITURES</b>         | <u>200,000</u> | <u>105,065</u>    | <u>94,935</u>     |
| Net change in fund balance        | (75,000)       | 24,211            | 99,211            |
| Fund balance at beginning of year | <u>75,000</u>  | <u>80,697</u>     | <u>5,697</u>      |
| Fund balance at end of year       | <u>\$ -</u>    | <u>\$ 104,908</u> | <u>\$ 104,908</u> |

**POLK COUNTY**

**DOG CONTROL - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

|   | <u>Budget</u>  | <u>Actual</u>   | <u>Variance</u> |
|---|----------------|-----------------|-----------------|
| <b>REVENUES</b>                                   |                |                 |                 |
| Licenses, fees and permits                        | \$ 60,000      | \$ 65,185       | \$ 5,185        |
| Fines and forfeitures                             | 1,000          | -               | (1,000)         |
|   | <u>61,000</u>  | <u>65,185</u>   | <u>4,185</u>    |
| <b>TOTAL REVENUES</b>                             |                |                 |                 |
| <b>EXPENDITURES</b>                               |                |                 |                 |
| Personal services                                 | 140,116        | 137,720         | 2,396           |
| Materials and services                            | 32,350         | 21,076          | 11,274          |
| Interdepartment charges                           | 18,534         | 18,534          | -               |
|   | <u>191,000</u> | <u>177,330</u>  | <u>13,670</u>   |
| <b>TOTAL EXPENDITURES</b>                         |                |                 |                 |
| Excess (deficiency) of revenues over expenditures | (130,000)      | (112,145)       | 17,855          |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                |                 |                 |
| Transfers in                                      | 110,000        | 110,000         | -               |
|   | <u>110,000</u> | <u>110,000</u>  | <u>-</u>        |
| Net change in fund balance                        | (20,000)       | (2,145)         | 17,855          |
| Fund balance at beginning of year                 | 20,000         | 4,170           | (15,830)        |
|   | <u>20,000</u>  | <u>4,170</u>    | <u>(15,830)</u> |
| Fund balance at end of year                       | <u>\$ -</u>    | <u>\$ 2,025</u> | <u>\$ 2,025</u> |

**POLK COUNTY**

**MARINE PATROL - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

|   | <u>Budget</u>    | <u>Actual</u>     | <u>Variance</u>  |
|---|------------------|-------------------|------------------|
| <b>REVENUES</b>                                   |                  |                   |                  |
| Intergovernmental                                 | <u>\$ 67,500</u> | <u>\$ 130,689</u> | <u>\$ 63,189</u> |
| <b>EXPENDITURES</b>                               |                  |                   |                  |
| Personal services                                 | 54,433           | 53,571            | 862              |
| Materials and services                            | 81,144           | 22,009            | 59,135           |
| Interdepartment charges                           | <u>4,423</u>     | <u>4,423</u>      | <u>-</u>         |
| <b>TOTAL EXPENDITURES</b>                         | <u>140,000</u>   | <u>80,003</u>     | <u>59,997</u>    |
| Excess (deficiency) of revenues over expenditures | (72,500)         | 50,686            | 123,186          |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                  |                   |                  |
| Transfers in                                      | <u>65,000</u>    | <u>20,000</u>     | <u>(45,000)</u>  |
| Net change in fund balance                        | (7,500)          | 70,686            | 78,186           |
| Fund balance at beginning of year                 | <u>7,500</u>     | <u>(56,169)</u>   | <u>(63,669)</u>  |
| Fund balance at end of year                       | <u>\$ -</u>      | <u>\$ 14,517</u>  | <u>\$ 14,517</u> |

**POLK COUNTY**

**LAW LIBRARY - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

|   | <u>Budget</u>    | <u>Actual</u>    | <u>Variance</u> |
|---|------------------|------------------|-----------------|
| <b>REVENUES</b>                                   |                  |                  |                 |
| Intergovernmental                                 | <u>\$ 50,000</u> | <u>\$ 52,833</u> | <u>\$ 2,833</u> |
| <b>EXPENDITURES</b>                               |                  |                  |                 |
| Materials and services                            | 36,703           | 34,586           | 2,117           |
| Interdepartment charges                           | <u>33,297</u>    | <u>33,297</u>    | <u>-</u>        |
| <b>TOTAL EXPENDITURES</b>                         | <u>70,000</u>    | <u>67,883</u>    | <u>2,117</u>    |
| Excess (deficiency) of revenues over expenditure: | (20,000)         | (15,050)         | 4,950           |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                  |                  |                 |
| Transfers in                                      | <u>15,000</u>    | <u>15,000</u>    | <u>-</u>        |
| Net change in fund balance                        | (5,000)          | (50)             | 4,950           |
| Fund balance at beginning of year                 | <u>5,000</u>     | <u>8,168</u>     | <u>3,168</u>    |
| Fund balance at end of year                       | <u>\$ -</u>      | <u>\$ 8,118</u>  | <u>\$ 8,118</u> |

**POLK COUNTY**

**HEALTH SERVICES - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

|  | <u>Budget</u>    | <u>Actual</u>    | <u>Variance</u>  |
|--|------------------|------------------|------------------|
| <b>REVENUES</b>                            |                  |                  |                  |
| Intergovernmental                          | \$ 1,057,000     | \$ 1,236,845     | \$ 179,845       |
| Charges for services                       | 1,065,000        | 988,806          | (76,194)         |
| Donations                                  | 183,000          | 166,097          | (16,903)         |
| Miscellaneous                              | -                | 530              | 530              |
| <b>TOTAL REVENUES</b>                      | <u>2,305,000</u> | <u>2,392,278</u> | <u>87,278</u>    |
| <b>EXPENDITURES</b>                        |                  |                  |                  |
| Administration                             |                  |                  |                  |
| Personal services                          | 643,501          | 580,246          | 63,255           |
| Materials and services                     | 25,850           | 18,166           | 7,684            |
| Interdepartment charges                    | 131,108          | 131,108          | -                |
| <b>Total Administration</b>                | <u>800,459</u>   | <u>729,520</u>   | <u>70,939</u>    |
| Family and Community Outreach              |                  |                  |                  |
| Personal services                          | 1,379,361        | 1,415,956        | (36,595)         |
| Materials and services                     | 290,337          | 246,606          | 43,731           |
| Interdepartment charges                    | 114,843          | 114,843          | -                |
| <b>Total Family and Community Outreach</b> | <u>1,784,541</u> | <u>1,777,405</u> | <u>7,136</u>     |
| <b>TOTAL EXPENDITURES</b>                  | <u>2,585,000</u> | <u>2,506,925</u> | <u>78,075</u>    |
| Excess (deficiency) of revenues over       | (280,000)        | (114,647)        | 165,353          |
| <b>OTHER FINANCING SOURCES (USES)</b>      |                  |                  |                  |
| Transfers in                               | <u>100,000</u>   | <u>100,000</u>   | <u>-</u>         |
| Net change in fund balance                 | (180,000)        | (14,647)         | 165,353          |
| Fund balance at beginning of year          | <u>180,000</u>   | <u>60,063</u>    | <u>(119,937)</u> |
| Fund balance at end of year                | <u>\$ -</u>      | <u>\$ 45,416</u> | <u>\$ 45,416</u> |



**POLK COUNTY**

**PUBLIC HEALTH - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

|  | <u>Budget</u>    | <u>Actual</u>    | <u>Variance</u>  |
|--|------------------|------------------|------------------|
| <b>REVENUES</b>                          |                  |                  |                  |
| Intergovernmental                        | \$ 1,838,000     | \$ 1,613,894     | \$ (224,106)     |
| Charges for services                     | 105,000          | 79,434           | (25,566)         |
| Donations                                | 17,500           | 32,007           | 14,507           |
| Miscellaneous                            | -                | 20               | 20               |
| <b>TOTAL REVENUES</b>                    | <u>1,960,500</u> | <u>1,725,355</u> | <u>(235,145)</u> |
| <b>EXPENDITURES</b>                      |                  |                  |                  |
| Family Planning                          |                  |                  |                  |
| Personal services                        | 169,650          | 100,076          | 69,574           |
| Materials and services                   | 69,600           | 56,934           | 12,666           |
| Interdepartment charges                  | 49,085           | 49,085           | -                |
| <b>Total Family Planning</b>             | <u>288,335</u>   | <u>206,095</u>   | <u>82,240</u>    |
| General Health                           |                  |                  |                  |
| Personal services                        | 1,171,227        | 1,061,085        | 110,142          |
| Materials and services                   | 364,436          | 299,261          | 65,175           |
| Interdepartment charges                  | 207,587          | 207,587          | -                |
| <b>Total General Health</b>              | <u>1,743,250</u> | <u>1,567,933</u> | <u>175,317</u>   |
| Women, Infants and Children              |                  |                  |                  |
| Personal services                        | 208,801          | 202,315          | 6,486            |
| Materials and services                   | 25,650           | 23,581           | 2,069            |
| Interdepartment charges                  | 69,464           | 69,464           | -                |
| <b>Total Women, Infants and Children</b> | <u>303,915</u>   | <u>295,360</u>   | <u>8,555</u>     |
| <b>TOTAL EXPENDITURES</b>                | <u>2,335,500</u> | <u>2,069,388</u> | <u>266,112</u>   |
| Excess (deficiency) of revenues over     | (375,000)        | (344,033)        | 30,967           |
| <b>OTHER FINANCING SOURCES (USES)</b>    |                  |                  |                  |
| Transfers in                             | 310,000          | 310,000          | -                |
| Net change in fund balance               | (65,000)         | (34,033)         | 30,967           |
| Fund balance at beginning of year        | 65,000           | 120,761          | 55,761           |
| <b>Fund balance at end of year</b>       | <u>\$ -</u>      | <u>\$ 86,728</u> | <u>\$ 86,728</u> |

**POLK COUNTY**

**JUVENILE - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

|   | <u>Budget</u>    | <u>Actual</u>     | <u>Variance</u>   |
|---|------------------|-------------------|-------------------|
| <b>REVENUES</b>                                   |                  |                   |                   |
| Intergovernmental                                 | \$ 240,000       | \$ 217,397        | \$ (22,603)       |
| Charges for services                              | 38,000           | 39,598            | 1,598             |
| Miscellaneous                                     | -                | 10                | 10                |
| <b>TOTAL REVENUES</b>                             | <u>278,000</u>   | <u>257,005</u>    | <u>(20,995)</u>   |
| <b>EXPENDITURES</b>                               |                  |                   |                   |
| Juvenile Probations                               |                  |                   |                   |
| Personal services                                 | 638,915          | 596,013           | 42,902            |
| Materials and services                            | 27,133           | 48,479            | (21,346)          |
| Interdepartment charges                           | 121,457          | 121,457           | -                 |
| <b>Total Juvenile Probations</b>                  | <u>787,505</u>   | <u>765,949</u>    | <u>21,556</u>     |
| Juvenile Sanctions                                |                  |                   |                   |
| Materials and services                            | 358,500          | 290,899           | 67,601            |
| Interdepartment charges                           | 3,461            | 3,461             | -                 |
| <b>Total Juvenile Sanctions</b>                   | <u>361,961</u>   | <u>294,360</u>    | <u>67,601</u>     |
| Juvenile Community Service                        |                  |                   |                   |
| Personal services                                 | 35,443           | 14,335            | 21,108            |
| Materials and services                            | 10,000           | 7,172             | 2,828             |
| Interdepartment charges                           | 591              | 591               | -                 |
| <b>Total Juvenile Community Service</b>           | <u>46,034</u>    | <u>22,098</u>     | <u>23,936</u>     |
| <b>TOTAL EXPENDITURES</b>                         | <u>1,195,500</u> | <u>1,082,407</u>  | <u>113,093</u>    |
| Excess (deficiency) of revenues over expenditures | (917,500)        | (825,402)         | 92,098            |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                  |                   |                   |
| Transfers in                                      | 800,000          | 800,000           | -                 |
| Net change in fund balance                        | (117,500)        | (25,402)          | 92,098            |
| Fund balance at beginning of year                 | 117,500          | 127,158           | 9,658             |
| <b>Fund balance at end of year</b>                | <u>\$ -</u>      | <u>\$ 101,756</u> | <u>\$ 101,756</u> |

**POLK COUNTY**

**VETERANS' SERVICES - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|   | <u>Budget</u>  | <u>Actual</u>    | <u>Variance</u>  |
|---|----------------|------------------|------------------|
| <b>REVENUES</b>                                   |                |                  |                  |
| Intergovernmental                                 | \$ 114,730     | \$ 114,730       | \$ -             |
| Donations   | 15,000         | 375              | (14,625)         |
|   | <u>129,730</u> | <u>115,105</u>   | <u>(14,625)</u>  |
| <b>TOTAL REVENUES</b>                             |                |                  |                  |
| <b>EXPENDITURES</b>                               |                |                  |                  |
| Personal services                                 | 146,723        | 135,088          | 11,635           |
| Materials and services                            | 46,778         | 27,291           | 19,487           |
| Interdepartment charges                           | 6,229          | 6,229            | -                |
|   | <u>199,730</u> | <u>168,608</u>   | <u>31,122</u>    |
| <b>TOTAL EXPENDITURES</b>                         |                |                  |                  |
| Excess (deficiency) of revenues over expenditures | (70,000)       | (53,503)         | 16,497           |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                |                  |                  |
| Transfers in                                      | 65,000         | 65,000           | -                |
|   | <u>65,000</u>  | <u>65,000</u>    | <u>-</u>         |
| Net change in fund balance                        | (5,000)        | 11,497           | 16,497           |
| Fund balance at beginning of year                 | 5,000          | 6,407            | 1,407            |
|   | <u>5,000</u>   | <u>6,407</u>     | <u>1,407</u>     |
| Fund balance at end of year                       | <u>\$ -</u>    | <u>\$ 17,904</u> | <u>\$ 17,904</u> |

**POLK COUNTY**

**FAIR - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

|   | <u>Budget</u>  | <u>Actual</u>   | <u>Variance</u> |
|---|----------------|-----------------|-----------------|
| <b>REVENUES</b>                                   |                |                 |                 |
| Intergovernmental                                 | \$ 115,000     | \$ 122,182      | \$ 7,182        |
| Charges for services                              | 302,000        | 282,374         | (19,626)        |
| Donations   | 30,000         | 25,863          | (4,137)         |
| Miscellaneous                                     | 4,000          | 5,277           | 1,277           |
| <b>TOTAL REVENUES</b>                             | <u>451,000</u> | <u>435,696</u>  | <u>(15,304)</u> |
| <b>EXPENDITURES</b>                               |                |                 |                 |
| Annual Fair                                       |                |                 |                 |
| Personal services                                 | 84,420         | 62,812          | 21,608          |
| Materials and services                            | 96,730         | 113,670         | (16,940)        |
| Interdepartment charges                           | 10,518         | 10,518          | -               |
| <b>Total Annual Fair</b>                          | <u>191,668</u> | <u>187,000</u>  | <u>4,668</u>    |
| Year Around Operation                             |                |                 |                 |
| Personal services                                 | 215,710        | 266,446         | (50,736)        |
| Materials and services                            | 163,232        | 126,192         | 37,040          |
| Interdepartment charges                           | 25,390         | 25,390          | -               |
| Capital outlay                                    | 170,000        | 141,615         | 28,385          |
| <b>Total Year Around Operation</b>                | <u>574,332</u> | <u>559,643</u>  | <u>14,689</u>   |
| <b>TOTAL EXPENDITURES</b>                         | <u>766,000</u> | <u>746,643</u>  | <u>19,357</u>   |
| Excess (deficiency) of revenues over expenditures | (315,000)      | (310,947)       | 4,053           |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                |                 |                 |
| Transfers in                                      | 295,000        | 295,000         | -               |
| Net change in fund balance                        | (20,000)       | (15,947)        | 4,053           |
| Fund balance at beginning of year                 | 20,000         | 24,386          | 4,386           |
| <b>Fund balance at end of year</b>                | <u>\$ -</u>    | <u>\$ 8,439</u> | <u>\$ 8,439</u> |

**POLK COUNTY**

**COUNTY SCHOOL - SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2018**

|                                   | <u>Budget</u>   | <u>Actual</u>   | <u>Variance</u> |
|-----------------------------------|-----------------|-----------------|-----------------|
| <b>REVENUES</b>                   |                 |                 |                 |
| Intergovernmental                 | \$ 2,500        | \$ 1,017        | \$ (1,483)      |
| Franchise fees                    | <u>152,500</u>  | <u>152,364</u>  | <u>(136)</u>    |
| <br>TOTAL REVENUES                | <br>155,000     | <br>153,381     | <br>(1,619)     |
| <b>EXPENDITURES</b>               |                 |                 |                 |
| Materials and services            | <u>155,000</u>  | <u>153,381</u>  | <u>1,619</u>    |
| <br>Net change in fund balance    | <br>-           | <br>-           | <br>-           |
| Fund balance at beginning of year | <u>-</u>        | <u>-</u>        | <u>-</u>        |
| <br>Fund balance at end of year   | <br><u>\$ -</u> | <br><u>\$ -</u> | <br><u>\$ -</u> |

**POLK COUNTY**

**ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

|                                   | <u>Budget</u>     | <u>Actual</u>     | <u>Variance</u>     |
|-----------------------------------|-------------------|-------------------|---------------------|
| <b>REVENUES</b>                   |                   |                   |                     |
| Intergovernmental                 | <u>\$ 900,000</u> | <u>\$ 422,008</u> | <u>\$ (477,992)</u> |
| <b>EXPENDITURES</b>               |                   |                   |                     |
| Personal services                 | 20,383            | 19,978            | 405                 |
| Materials and services            | 559,793           | 451,981           | 107,812             |
| Interdepartment charges           | 19,824            | 19,824            | -                   |
| Capital outlay                    | <u>700,000</u>    | <u>-</u>          | <u>700,000</u>      |
| <b>TOTAL EXPENDITURES</b>         | <u>1,300,000</u>  | <u>491,783</u>    | <u>808,217</u>      |
| Net change in fund balance        | (400,000)         | (69,775)          | 330,225             |
| Fund balance at beginning of year | <u>400,000</u>    | <u>367,920</u>    | <u>(32,080)</u>     |
| Fund balance at end of year       | <u>\$ -</u>       | <u>\$ 298,145</u> | <u>\$ 298,145</u>   |

**POLK COUNTY**

**HOUSEHOLD HAZARDOUS WASTE - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|                                   | <u>Budget</u>  | <u>Actual</u>    | <u>Variance</u>  |
|-----------------------------------|----------------|------------------|------------------|
| <b>REVENUES</b>                   |                |                  |                  |
| Franchise fees                    | \$ 70,000      | \$ 67,045        | \$ (2,955)       |
| <b>EXPENDITURES</b>               |                |                  |                  |
| Personal services                 | 28,442         | 27,426           | 1,016            |
| Materials and services            | 138,115        | 54,118           | 83,997           |
| Interdepartment charges           | 3,443          | 3,443            | -                |
| <b>TOTAL EXPENDITURES</b>         | <u>170,000</u> | <u>84,987</u>    | <u>85,013</u>    |
| Net change in fund balance        | (100,000)      | (17,942)         | 82,058           |
| Fund balance at beginning of year | <u>100,000</u> | <u>76,777</u>    | <u>(23,223)</u>  |
| Fund balance at end of year       | <u>\$ -</u>    | <u>\$ 58,835</u> | <u>\$ 58,835</u> |

**POLK COUNTY**

**EXTENSION SERVICE DISTRICT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|                                   | <u>Budget</u>  | <u>Actual</u>    | <u>Variance</u>  |
|-----------------------------------|----------------|------------------|------------------|
| <b>REVENUES</b>                   |                |                  |                  |
| Property tax                      | \$ 423,000     | \$ 426,012       | \$ 3,012         |
| Donations                         | 3,500          | 9,750            | 6,250            |
| Interest                          | 500            | 2,280            | 1,780            |
|                                   | <u>427,000</u> | <u>438,042</u>   | <u>11,042</u>    |
| <b>TOTAL REVENUES</b>             |                |                  |                  |
| <b>EXPENDITURES</b>               |                |                  |                  |
| Materials and Services            | 426,000        | 380,831          | 45,169           |
| Management Services Charges       | 9,000          | 9,000            | -                |
| Contingency                       | 20,000         | -                | 20,000           |
|                                   | <u>455,000</u> | <u>389,831</u>   | <u>65,169</u>    |
| <b>TOTAL EXPENDITURES</b>         |                |                  |                  |
| Net change in fund balance        | (28,000)       | 48,211           | 76,211           |
| Fund balance at beginning of year | <u>28,000</u>  | <u>29,826</u>    | <u>1,826</u>     |
| Fund balance at end of year       | <u>\$ -</u>    | <u>\$ 78,037</u> | <u>\$ 78,037</u> |



**POLK COUNTY**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2018**

|                                   | <u>Budget</u> | <u>Actual</u>    | <u>Variance</u>  |
|-----------------------------------|---------------|------------------|------------------|
| <b>REVENUES</b>                   |               |                  |                  |
| Property taxes                    | \$ 75,000     | \$ 110,029       | \$ 35,029        |
| Interest                          | -             | 37               | 37               |
| <b>TOTAL REVENUES</b>             | <u>75,000</u> | <u>110,066</u>   | <u>35,066</u>    |
| <b>EXPENDITURES</b>               |               |                  |                  |
| Debt service                      | <u>75,000</u> | <u>-</u>         | <u>75,000</u>    |
| Net change in fund balance        | -             | 110,066          | 110,066          |
| Fund balance at beginning of year | <u>-</u>      | <u>(95,137)</u>  | <u>(95,137)</u>  |
| Fund balance at end of year       | <u>\$ -</u>   | <u>\$ 14,929</u> | <u>\$ 14,929</u> |

**POLK COUNTY**

**COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS**

**June 30, 2018**

|  | <b>Building<br/>Improvement</b> | <b>Doaks Ferry Road<br/>Hwy 22 &amp; 51</b> | <b>Totals</b>    |
|--|---------------------------------|---|------------------|
| <b>LIABILITIES</b>                             |                                 |   |                  |
| Accounts payable and accrued expenditures      | \$ 51,920                       | \$ -  | \$ 51,920        |
| Due to General Fund                            | 14,189                          | 121,519                                     | 135,708          |
| <b>TOTAL LIABILITIES</b>                       | <b>66,109</b>                   | <b>121,519</b>                              | <b>187,628</b>   |
| <b>FUND BALANCES</b>                           |                                 |   |                  |
| Unassigned                                     | (66,109)                        | (121,519)                                   | (187,628)        |
| <b>TOTAL FUND BALANCES</b>                     | <b>(66,109)</b>                 | <b>(121,519)</b>                            | <b>(187,628)</b> |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ -</b>                     | <b>\$ -</b>                                 | <b>\$ -</b>      |

**POLK COUNTY**  
**CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2018**

|   | <u>Building<br/>Improvement</u> | <u>Doaks Ferry Road<br/>Hwy 22 &amp; 51</u> | <u>Totals</u>           |
|---|---------------------------------|---|-------------------------|
| <b>EXPENDITURES</b>                                   |                                 |   |                         |
| Materials and services                                | \$ 48,171                       | \$ -  | \$ 48,171               |
| Debt service  | 201,880                         | -   | 201,880                 |
| Capital outlay  | <u>461,339</u>                  | <u>11,066</u>                               | <u>472,405</u>          |
| <br>TOTAL EXPENDITURES                                | <br><u>711,390</u>              | <br><u>11,066</u>                           | <br><u>722,456</u>      |
| <br>Excess (deficiency) of revenues over expenditures | <br>(711,390)                   | <br>(11,066)                                | <br>(722,456)           |
| <br><b>OTHER FINANCING SOURCES (USES)</b>             |                                 |   |                         |
| Transfers in  | <u>850,000</u>                  | <u>-</u>                                    | <u>850,000</u>          |
| <br>Net change in fund balances                       | <br>138,610                     | <br>(11,066)                                | <br>127,544             |
| Fund balances at beginning of year                    | <u>(204,719)</u>                | <u>(110,453)</u>                            | <u>(315,172)</u>        |
| <br>Fund balances at end of year                      | <br><u>\$ (66,109)</u>          | <br><u>\$ (121,519)</u>                     | <br><u>\$ (187,628)</u> |

**POLK COUNTY**

**BUILDING IMPROVEMENT - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

|   | <u>Budget</u>  | <u>Actual</u>      | <u>Variance</u>    |
|---|----------------|--------------------|--------------------|
| <b>EXPENDITURES</b>                                   |                |                    |                    |
| Academy Building Improvement                          |                |                    |                    |
| Materials and services                                | \$ 8,120       | \$ 6,400           | \$ 1,720           |
| Debt service  | 201,880        | 201,880            | -                  |
| Capital outlay  | <u>50,000</u>  | <u>22,138</u>      | <u>27,862</u>      |
| Total Academy Building Improvement                    | <u>260,000</u> | <u>230,418</u>     | <u>29,582</u>      |
| <br>Courthouse Building Improvement                   |                |                    |                    |
| Materials and services                                | 90,000         | 41,771             | 48,229             |
| Capital outlay  | <u>500,000</u> | <u>439,201</u>     | <u>60,799</u>      |
| Total Courthouse Building Improvement                 | <u>590,000</u> | <u>480,972</u>     | <u>109,028</u>     |
| <br>TOTAL EXPENDITURES                                | <u>850,000</u> | <u>711,390</u>     | <u>138,610</u>     |
| <br>Excess (deficiency) of revenues over expenditures | (850,000)      | (711,390)          | 138,610            |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                |                    |                    |
| Transfers in  | <u>850,000</u> | <u>850,000</u>     | <u>-</u>           |
| <br>Net change in fund balance                        | -              | 138,610            | 138,610            |
| Fund balance at beginning of year                     | <u>-</u>       | <u>(204,719)</u>   | <u>(204,719)</u>   |
| <br>Fund balance at end of year                       | <u>\$ -</u>    | <u>\$ (66,109)</u> | <u>\$ (66,109)</u> |

**POLK COUNTY**

**DOAKS FERRY ROAD/HWY 22 & 51 - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018**

|                                   | <b>Budget</b>  | <b>Actual</b> | <b>Variance</b> |
|-----------------------------------|----------------|---------------|-----------------|
| <b>REVENUES</b>                   |                |               |                 |
| Intergovernmental                 | \$ 390,000     | \$ -          | \$ (390,000)    |
| <b>EXPENDITURES</b>               |                |               |                 |
| Personal services                 | 31,158         | 3,660         | 27,498          |
| Materials and services            | 151,702        | 266           | 151,436         |
| Interdepartment charges           | 7,140          | 7,140         | -               |
| Capital outlay                    | 200,000        | -             | 200,000         |
| <b>TOTAL EXPENDITURES</b>         | <b>390,000</b> | <b>11,066</b> | <b>378,934</b>  |
| Net change in fund balance        | -              | (11,066)      | (11,066)        |
| Fund balance at beginning of year | -              | (110,453)     | (110,453)       |
| Fund balance at end of year       | \$ -           | \$ (121,519)  | \$ (121,519)    |

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# **INTERNAL SERVICE FUNDS**

## **Management Services**

The Management Services Fund accounts for building maintenance, fiscal and personnel services, legal counsel and general services. Charges are made to other funds to recover the costs of providing these services.

## **Insurance**

The Insurance Fund accounts for all costs incurred by the County under its insurance programs, up to policy deductible limits. Funding sources are revenues from investment income, proceeds from insurance recoveries, and charges to other funds.

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POLK COUNTY

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 June 30, 2018

|  | <u>Management</u>     |                   |                     |
|--|-----------------------|-------------------|---------------------|
|  | <u>Services</u>       | <u>Insurance</u>  | <u>Totals</u>       |
| <b><u>ASSETS</u></b>                         |                       |                   |                     |
| Current assets                               |                       |                   |                     |
| Cash and cash equivalents                    | \$ 503,846            | \$ 404,883        | \$ 908,729          |
| Receivables                                  | 30,646                | -                 | 30,646              |
| Prepaid items                                | <u>112,993</u>        | <u>-</u>          | <u>112,993</u>      |
| Total current assets                         | 647,485               | 404,883           | 1,052,368           |
| Net other postemployment benefit asset       | 7,418                 | -                 | 7,418               |
| Capital assets, net                          | <u>266,677</u>        | <u>-</u>          | <u>266,677</u>      |
| TOTAL ASSETS                                 | <u>921,580</u>        | <u>404,883</u>    | <u>1,326,463</u>    |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b> |                       |                   |                     |
| Pension related items                        | 996,801               | -                 | 996,801             |
| OPEB related items                           | <u>24,316</u>         | <u>-</u>          | <u>24,316</u>       |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES         | <u>1,021,117</u>      | <u>-</u>          | <u>1,021,117</u>    |
| <b><u>LIABILITIES</u></b>                    |                       |                   |                     |
| Accounts payable and accrued liabilities     | 64,024                | 56,668            | 120,692             |
| Long-term obligations:                       |                       |                   |                     |
| Due within one year                          | 114,351               | -                 | 114,351             |
| Due in more than one year                    | <u>2,826,352</u>      | <u>-</u>          | <u>2,826,352</u>    |
| TOTAL LIABILITIES                            | <u>3,004,727</u>      | <u>56,668</u>     | <u>3,061,395</u>    |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>  |                       |                   |                     |
| Pension related items                        | 211,298               | -                 | 211,298             |
| OPEB related items                           | <u>16,310</u>         | <u>-</u>          | <u>16,310</u>       |
| TOTAL DEFERRED INFLOWS OF RESOURCES          | <u>227,608</u>        | <u>-</u>          | <u>227,608</u>      |
| <b><u>NET POSITION</u></b>                   |                       |                   |                     |
| Investment in capital assets                 | 266,677               | -                 | 266,677             |
| Unrestricted                                 | <u>(1,556,315)</u>    | <u>348,215</u>    | <u>(1,208,100)</u>  |
| TOTAL NET POSITION                           | <u>\$ (1,289,638)</u> | <u>\$ 348,215</u> | <u>\$ (941,423)</u> |

**POLK COUNTY**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION  
Year Ended June 30, 2018**

|  | <b>Management<br/>Services</b> | <b>Insurance</b>  | <b>Totals</b>       |
|--|--------------------------------|-------------------|---------------------|
| <b>OPERATING REVENUES</b>                    |                                |                   |                     |
| Intergovernmental                            | \$ 6,278                       | \$ -              | \$ 6,278            |
| Charges for services                         | 5,408,993                      | 915,268           | 6,324,261           |
| Miscellaneous                                | 6,729                          | 17,749            | 24,478              |
| <b>TOTAL OPERATING REVENUES</b>              | <b>5,422,000</b>               | <b>933,017</b>    | <b>6,355,017</b>    |
| <b>OPERATING EXPENSES</b>                    |                                |                   |                     |
| Personal services                            | 3,386,791                      | 67,792            | 3,454,583           |
| Materials and services                       | 1,496,399                      | 941,824           | 2,438,223           |
| Depreciation                                 | 69,093                         | -                 | 69,093              |
| <b>TOTAL OPERATING EXPENSES</b>              | <b>4,952,283</b>               | <b>1,009,616</b>  | <b>5,961,899</b>    |
| Operating (loss)                             | 469,717                        | (76,599)          | 393,118             |
| <b>NONOPERATING REVENUE (EXPENSE)</b>        |                                |                   |                     |
| Gain on sale of capital assets               | 1,334                          | -                 | 1,334               |
| Interest on long-term obligations            | (57)                           | -                 | (57)                |
| <b>TOTAL NONOPERATING REVENUE (EXPENSES)</b> | <b>1,277</b>                   | <b>-</b>          | <b>1,277</b>        |
| (Loss) before transfers                      | 470,994                        | (76,599)          | 394,395             |
| Transfers in (out)                           | (850,000)                      | 150,000           | (700,000)           |
| Change in net position                       | (379,006)                      | 73,401            | (305,605)           |
| Prior period adjustment                      | 9,581                          | -                 | 9,581               |
| Net position - beginning                     | (920,213)                      | 274,814           | (645,399)           |
| Net position - end                           | <b>\$ (1,289,638)</b>          | <b>\$ 348,215</b> | <b>\$ (941,423)</b> |

POLK COUNTY

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 For the Year Ended June 30, 2018

|   | <u>Management<br/>Services</u> | <u>Insurance</u>   | <u>Totals</u>      |
|---|--------------------------------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                |                    |                    |
| Receipts from customers   | \$ 5,407,385                   | \$ 917,644         | \$ 6,325,029       |
| Other receipts  | 6,729                          | 17,749             | 24,478             |
| Payments to employees for services  | (3,173,692)                    | (67,792)           | (3,241,484)        |
| Payments to suppliers of goods or services  | <u>(1,520,607)</u>             | <u>(928,981)</u>   | <u>(2,449,588)</u> |
| Net cash provided (used) by operating activities  | <u>719,815</u>                 | <u>(61,380)</u>    | <u>658,435</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                               |                                |                    |                    |
| Purchase of capital assets  | (161,215)                      | -                  | (161,215)          |
| Sale of capital assets  | 4,725                          | -                  | 4,725              |
| Transfers in (out)  | (850,000)                      | 150,000            | (700,000)          |
| Principal payments on long-term obligations   | (2,099)                        | -                  | (2,099)            |
| Interest payments on long-term obligations  | <u>(57)</u>                    | <u>-</u>           | <u>(57)</u>        |
| Net cash (used) in financing activities   | <u>(1,008,646)</u>             | <u>150,000</u>     | <u>(858,646)</u>   |
| Net increase (decrease) in cash and cash equivalents  | (288,831)                      | 88,620             | (200,211)          |
| Cash and cash equivalents, beginning of year  | <u>792,677</u>                 | <u>316,263</u>     | <u>1,108,940</u>   |
| Cash and cash equivalents, end of year  | <u>\$ 503,846</u>              | <u>\$ 404,883</u>  | <u>\$ 908,729</u>  |
| <b>Reconciliation of operating income to net cash<br/>provided (used) by operating activities</b> |                                |                    |                    |
| Operating income  | \$ 469,717                     | \$ (76,599)        | \$ 393,118         |
| Adjustments to reconcile operating income to net<br>cash provided by operating activities:        |                                |                    |                    |
| Depreciation  | 69,093                         | -                  | 69,093             |
| (Increase) decrease in assets:  |                                |                    |                    |
| Receivables   | (7,886)                        | 2,376              | (5,510)            |
| Prepaid items   | (16,040)                       | -                  | (16,040)           |
| Net other postemployment benefit asset  | (7,418)                        | -                  | (7,418)            |
| Deferred outflows of resources  | 511,575                        | -                  | 511,575            |
| Increase (decrease) in liabilities:   |                                |                    |                    |
| Accounts payable and accrued liabilities  | (8,168)                        | 12,843             | 4,675              |
| Compensated absences  | (14,449)                       | -                  | (14,449)           |
| Net pension liability   | (224,389)                      | -                  | (224,389)          |
| Other postemployment benefit liability  | 109                            | -                  | 109                |
| Deferred inflows of resources   | <u>(52,329)</u>                | <u>-</u>           | <u>(52,329)</u>    |
| Net cash provided (used) by operating activities  | <u>\$ 719,815</u>              | <u>\$ (61,380)</u> | <u>\$ 658,435</u>  |

**POLK COUNTY**

**MANAGEMENT SERVICES - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2018**

|                                    | <u>Budget</u>    | <u>Actual</u>    | <u>Variance</u> |
|------------------------------------|------------------|------------------|-----------------|
| <b>REVENUES</b>                    |                  |                  |                 |
| Intergovernmental                  | \$ 110,000       | \$ 6,278         | \$ (103,722)    |
| Charges for services               | 5,177,000        | 5,408,993        | 231,993         |
| Miscellaneous                      | <u>2,500</u>     | <u>6,729</u>     | <u>4,229</u>    |
| TOTAL REVENUES                     | <u>5,289,500</u> | <u>5,422,000</u> | <u>132,500</u>  |
| <b>EXPENDITURES</b>                |                  |                  |                 |
| Board of Commissioners             |                  |                  |                 |
| Personnel Services                 | 332,542          | 323,747          | 8,795           |
| Materials and Services             | <u>12,250</u>    | <u>9,221</u>     | <u>3,029</u>    |
| Total Board of Commissioners       | <u>344,792</u>   | <u>332,968</u>   | <u>11,824</u>   |
| GIS-Computer Mapping               |                  |                  |                 |
| Personnel Services                 | 179,156          | 182,787          | (3,631)         |
| Materials and Services             | <u>82,400</u>    | <u>37,607</u>    | <u>44,793</u>   |
| Total GIS-Computer Mapping         | <u>261,556</u>   | <u>220,394</u>   | <u>41,162</u>   |
| Equipment Replacement Reserve      |                  |                  |                 |
| Capital outlay                     | <u>166,832</u>   | <u>-</u>         | <u>166,832</u>  |
| Central Services                   |                  |                  |                 |
| Personnel Services                 | 195,326          | 187,716          | 7,610           |
| Materials and Services             | 307,600          | 278,132          | 29,468          |
| Capital outlay                     | <u>60,000</u>    | <u>59,834</u>    | <u>166</u>      |
| Total Central Services             | <u>562,926</u>   | <u>525,682</u>   | <u>37,244</u>   |
| Academy Building Maintenance       |                  |                  |                 |
| Personnel Services                 | 324,905          | 245,387          | 79,518          |
| Materials and Services             | <u>111,500</u>   | <u>108,376</u>   | <u>3,124</u>    |
| Total Academy Building Maintenance | <u>436,405</u>   | <u>353,763</u>   | <u>82,642</u>   |
| Jail Maintenance                   |                  |                  |                 |
| Personnel Services                 | 127,767          | 103,333          | 24,434          |
| Materials and Services             | 187,550          | 200,776          | (13,226)        |
| Capital Outlay                     | <u>-</u>         | <u>8,824</u>     | <u>(8,824)</u>  |
| Total Jail Maintenance             | <u>315,317</u>   | <u>312,933</u>   | <u>2,384</u>    |

*Continued on next page*

**MANAGEMENT SERVICES - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (Continued)**

|                                       | <u>Budget</u>    | <u>Actual</u>    | <u>Variance</u> |
|---------------------------------------|------------------|------------------|-----------------|
| <b>EXPENDITURES (continued)</b>       |                  |                  |                 |
| Courthouse Building Maintenance       |                  |                  |                 |
| Personnel Services                    | \$ 550,658       | \$ 499,280       | \$ 51,378       |
| Materials and Services                | 248,700          | 181,180          | 67,520          |
| Capital outlay                        | <u>-</u>         | <u>9,512</u>     | <u>(9,512)</u>  |
| Total Courthouse Building Maintenance | <u>799,358</u>   | <u>689,972</u>   | <u>109,386</u>  |
| Information Services                  |                  |                  |                 |
| Personnel Services                    | 709,802          | 707,181          | 2,621           |
| Materials and Services                | 534,700          | 487,161          | 47,539          |
| Capital outlay                        | <u>90,000</u>    | <u>93,622</u>    | <u>(3,622)</u>  |
| Total Information Services            | <u>1,334,502</u> | <u>1,287,964</u> | <u>46,538</u>   |
| Finance                               |                  |                  |                 |
| Personnel Services                    | 514,700          | 491,320          | 23,380          |
| Materials and Services                | <u>161,150</u>   | <u>143,872</u>   | <u>17,278</u>   |
| Total Finance                         | <u>675,850</u>   | <u>635,192</u>   | <u>40,658</u>   |
| Personnel                             |                  |                  |                 |
| Personnel Services                    | 299,193          | 289,956          | 9,237           |
| Materials and Services                | <u>45,250</u>    | <u>37,747</u>    | <u>7,503</u>    |
| Total Personnel                       | <u>344,443</u>   | <u>327,703</u>   | <u>16,740</u>   |
| County Legal Counsel                  |                  |                  |                 |
| Personnel Services                    | 140,419          | 142,985          | (2,566)         |
| Materials and Services                | <u>9,600</u>     | <u>3,906</u>     | <u>5,694</u>    |
| Total County Legal Counsel            | <u>150,019</u>   | <u>146,891</u>   | <u>3,128</u>    |
| TOTAL EXPENDITURES                    | <u>5,392,000</u> | <u>4,833,462</u> | <u>558,538</u>  |

*Continued on next page*

**MANAGEMENT SERVICES - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (Continued)**

|   | <u>Budget</u>    | <u>Actual</u>     | <u>Variance</u>   |
|---|------------------|-------------------|-------------------|
| Excess (deficiency) of revenues over expenditures | \$ (102,500)     | \$ 588,538        | \$ 691,038        |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                  |                   |                   |
| Sale of capital assets                            | 2,500            | 4,725             | (2,225)           |
| Transfers out                                     | <u>(850,000)</u> | <u>(850,000)</u>  | <u>-</u>          |
| TOTAL OTHER FINANCING SOURCES (USES)              | <u>(847,500)</u> | <u>(845,275)</u>  | <u>2,225</u>      |
| Net change in fund balance                        | (950,000)        | (256,737)         | 693,263           |
| Fund balance at beginning of year                 | <u>950,000</u>   | <u>840,198</u>    | <u>(109,802)</u>  |
| Fund balance at end of year                       | <u>\$ -</u>      | <u>\$ 583,461</u> | <u>\$ 583,461</u> |

**Reconciliation to generally accepted accounting principles:**

|  |                       |
|--|-----------------------|
| Net other postemployment benefit asset | 7,418                 |
| Capital assets, net                    | 266,677               |
| Deferred outflows of resources         | 1,021,117             |
| Compensated absences                   | (114,351)             |
| Net pension liability                  | (2,603,121)           |
| Other postemployment benefit           | (223,231)             |
| Deferred inflows of resources          | <u>(227,608)</u>      |
| Net position at end of year            | <u>\$ (1,289,638)</u> |

**POLK COUNTY**

**INSURANCE - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2018**

|   | <u>Budget</u>    | <u>Actual</u>     | <u>Variance</u>   |
|---|------------------|-------------------|-------------------|
| <b>REVENUES</b>                                   |                  |                   |                   |
| Charges for services                              | \$ 850,000       | \$ 915,268        | \$ 65,268         |
| Settlements                                       | -                | 17,749            | 17,749            |
| <b>TOTAL REVENUES</b>                             | <u>850,000</u>   | <u>933,017</u>    | <u>83,017</u>     |
| <b>EXPENDITURES</b>                               |                  |                   |                   |
| Personnel Services                                | 66,978           | 67,792            | (814)             |
| Materials and Services                            | 946,000          | 941,824           | 4,176             |
| <b>TOTAL EXPENDITURES</b>                         | 1,012,978        | 1,009,616         | 3,362             |
| Contingency                                       | 37,022           | -                 | 37,022            |
| <b>TOTAL INSURANCE SERVICE FUND</b>               | <u>1,050,000</u> | <u>1,009,616</u>  | <u>40,384</u>     |
| Excess (deficiency) of revenues over expenditures | (200,000)        | (76,599)          | 123,401           |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                  |                   |                   |
| Transfers in                                      | 150,000          | 150,000           | -                 |
| Net change in fund balance                        | (50,000)         | 73,401            | 123,401           |
| Fund balance at beginning of year                 | 50,000           | 274,814           | 224,814           |
| Fund balance at end of year                       | <u>\$ -</u>      | <u>\$ 348,215</u> | <u>\$ 348,215</u> |

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## **AGENCY FUND**

This fund accounts for resources received and held by the County in a fiduciary capacity. The fund accounts for various monies and other assets held by the County Treasurer for other taxing districts and other departments.

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**POLK COUNTY**

**AGENCY FUND**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**For the Year Ended June 30, 2018**

|                           | <b>Balances</b>     |                       |                       | <b>Balances</b>      |
|---------------------------|---------------------|-----------------------|-----------------------|----------------------|
|                           | <b>July 1, 2017</b> | <b>Additions</b>      | <b>Deductions</b>     | <b>June 30, 2018</b> |
| <b><u>ASSETS</u></b>      |                     |                       |                       |                      |
| Cash and cash equivalents | \$ 1,072,936        | \$ 98,629,690         | \$ 97,043,864         | \$ 2,658,762         |
| Taxes receivable          | <u>4,829,906</u>    | <u>88,838,160</u>     | <u>89,174,630</u>     | <u>4,493,436</u>     |
| <br>                      |                     |                       |                       |                      |
| TOTAL ASSETS              | <u>\$ 5,902,842</u> | <u>\$ 187,467,850</u> | <u>\$ 186,218,494</u> | <u>\$ 7,152,198</u>  |
| <br>                      |                     |                       |                       |                      |
| <b><u>LIABILITIES</u></b> |                     |                       |                       |                      |
| Due to other governments  | <u>\$ 5,902,842</u> | <u>\$ 187,467,850</u> | <u>\$ 186,218,494</u> | <u>\$ 7,152,198</u>  |

POLK COUNTY

SCHEDULE OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS  
As of and for the Year Ended June 30, 2018

| <u>Elected Official</u> | <u>Cash and<br/>Cash Equivalents<br/>Balances<br/>July 1, 2017</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Turnovers and<br/>Disbursements<br/>to County<br/>Treasurer<br/>and Others</u> | <u>Cash and<br/>Cash Equivalents<br/>Balances<br/>June 30, 2018</u> |
|-------------------------|--|--------------------------|--|---|
| Assessor                | \$ 25  | \$ 4,272                 | \$ 4,272   | \$ 25   |
| Clerk                   | 150  | 531,002                  | 531,002  | 150   |
| District Attorney       | 35   | 191,924                  | 191,924  | 35  |
| Sheriff                 | 188,218  | 1,391,239                | 1,421,893  | 157,564   |
| Treasurer               | <u>15,231,823</u>  | <u>152,326,627</u>       | <u>149,750,070</u>   | <u>17,808,380</u>   |
| TOTALS                  | <u>\$ 15,420,251</u>   | <u>\$ 154,445,064</u>    | <u>\$ 151,899,161</u>  | <u>\$ 17,966,154</u>  |

## **COMPLIANCE SECTION**

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## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Board of County Commissioners  
POLK COUNTY  
Dallas, Oregon

We have audited in accordance with auditing standards generally accepted in the United States of America the basic financial statements of POLK COUNTY as of and for the year ended June 30, 2018, and have issued our report thereon dated December 31, 2018.

### Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Highway revenues used for public highways, roads and streets.
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

**INDEPENDENT AUDITOR’S REPORT REQUIRED BY  
OREGON STATE REGULATIONS (Continued)**

In connection with our testing nothing came to our attention that caused us to believe the County was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

- Expenditures in excess of appropriations (which is prohibited by ORS 294.456) were made in the following categories:

| <u>Fund/Category</u> | <u>Appropriation</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------|----------------------|---------------|-----------------|
| Public Works         |                      |               |                 |
| Total Administration | \$ 818,844           | \$ 827,338    | \$ (8,494)      |
| County Shops         | 503,887              | 512,656       | (8,769)         |

**OAR 162-10-0230 Internal Control**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

**Restriction on Use**

This report is intended solely for the information and use of the Board of Commissioners and management of Polk County and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith  
 Certified Public Accountants  
 Salem, Oregon  
 December 31, 2018

By:



Bradley G. Bingenheimer, Member





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners  
Polk County  
Dallas, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Polk County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise County's basic financial statements, and have issued our report thereon dated December 31, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Boldt Carlisle & Smith*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 31, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Commissioners  
Polk County  
Dallas, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited Polk County's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Polk County's major federal programs for the year ended June 30, 2018. Polk County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Polk County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Polk County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Polk County's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (Continued)

*Opinion on Each Major Federal Program*

In our opinion, Polk County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control over Compliance**

Management of Polk County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Polk County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Polk County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Boldt Carlisle & Smith*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 31, 2018

**POLK COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2018**

***Section I - Summary of Auditors' Results***

***Financial Statements***

|   |                   |
|---|-------------------|
| Type of auditor's report issued:                      | <i>Unmodified</i> |
| Internal controls over financial reporting:           |                   |
| • Material weakness(es) identified?                   | No                |
| • Significant deficiency(ies) identified?             | None reported     |
| Noncompliance material to financial statements noted? | No                |

***Federal awards***

|  |                   |
|--|-------------------|
| Internal control over major federal programs:  |                   |
| • Material weakness(es) identified?  | No                |
| • Significant deficiency(ies) identified?  | None reported     |
| Type of auditor's report issued on compliance for major federal programs:                          | <i>Unmodified</i> |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No                |

Identification of major federal programs:

CFDA  
Number(s) Name of Federal Program or Cluster

15.234 Secure Rural Schools and Community Self Determination  
93.563 Child Support Enforcement

|  |           |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| Auditee qualified as a low-risk auditee?                                 | Yes       |

***Section II - Financial Statement Findings***

None reported.

***Section III - Federal Award Findings and Questioned Costs***

None reported.

POLK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2018

|   | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass Through<br/>Entity Identifying<br/>Number</u> | <u>Expenditures</u> |
|---|------------------------------------|---|---------------------|
| <b>DEPARTMENT OF AGRICULTURE</b>  |                                    |   |                     |
| <b>Food and Nutrition Service</b>   |                                    |   |                     |
| <i>Passed through Oregon State Health Division</i>                        |                                    |   |                     |
| Special Supplemental Nutrition Program for<br>Women, Infants and Children | 10.557                             | 2702  | \$ 212,949          |
| <b>Forest Service</b>   |                                    |   |                     |
| <i>Passed through Oregon Department of Administrative Services</i>        |                                    |   |                     |
| Schools and Roads - Grants to Counties                                    | 10.665                             |   | <u>14,740</u>       |
| <b>Total Department of Agriculture</b>                                    |                                    |   | <u>227,689</u>      |
| <b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                        |                                    |   |                     |
| <i>Passed through Oregon Infrastructure Finance Authority</i>             |                                    |   |                     |
| Community Development Block Grant   | 14.228                             |   | <u>181,433</u>      |
| <b>DEPARTMENT OF THE INTERIOR</b>   |                                    |   |                     |
| <b>Bureau of Land Management</b>  |                                    |   |                     |
| Payment in Lieu of Taxes  | 15.226                             |   | 113,573             |
| Secure Rural Schools and Community Self Determination                     | 15.234                             |   | 731,726             |
| Scotch Broom Removal and Dump Stoppers                                    | 15.999                             |   | <u>43,741</u>       |
| <b>Total Department of the Interior</b>                                   |                                    |   | <u>889,040</u>      |
| <b>DEPARTMENT OF JUSTICE</b>  |                                    |   |                     |
| <b>Bureau of Justice Assistance</b>                                       |                                    |   |                     |
| Bulletproof Vest Program  | 16.607                             |   | 3,067               |
| <b>Office of Victims of Crime</b>   |                                    |   |                     |
| <i>Passed through Oregon State Criminal Justice Division</i>              |                                    |   |                     |
| Crime Victim Assistance (VOCA)  | 16.575                             | VOCA 03-2099  | 78,327              |
| <i>Passed through Oregon State Sheriffs' Association</i>                  |                                    |   |                     |
| State and Community Highway Safety  | 20.600                             |   | <u>16,145</u>       |
| <b>Total Department of Justice</b>  |                                    |   | <u>97,539</u>       |
| <b>DEPARTMENT OF GENERAL SERVICES ADMINISTRATION</b>                      |                                    |   |                     |
| <b>General Services Administration</b>                                    |                                    |   |                     |
| <i>Passed through Oregon Department of Administrative Services</i>        |                                    |   |                     |
| Donation of Federal Surplus Personal Property                             | 39.003                             |   | <u>2,650</u>        |
| <b>ENVIRONMENTAL PROTECTION AGENCY</b>                                    |                                    |   |                     |
| <b>Office of Water</b>  |                                    |   |                     |
| <i>Passed through Oregon Health Authority</i>                             |                                    |   |                     |
| State Public Water System Supervision                                     | 66.432                             | 27-02   | 3,216               |
| Capitalization Grants for Drinking Water State Revolving Funds            | 66.468                             | 27-02   | <u>5,228</u>        |
| <b>Total Environmental Protection Agency</b>                              |                                    |   | <u>8,444</u>        |

Continued on next page

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Office of Population Affairs**

*Passed through Oregon Health Authority*

|   |        |  |           |
|---|--------|--|-----------|
| Family Planning Services                      | 93.217 |  | \$ 26,250 |
| National State Based Tobacco Control Programs | 93.305 |  | 222       |

**Administration for Children and Families**

*Passed through Oregon Department of Justice*

|                           |        |     |         |
|---------------------------|--------|-----|---------|
| Child Support Enforcement | 93.563 | 461 | 257,432 |
|---------------------------|--------|-----|---------|

**Health Resources and Services Administration**

*Passed through Oregon Department of Human Services*

|                                       |        |       |        |
|---------------------------------------|--------|-------|--------|
| Maternal and Child Health Block Grant | 93.994 | 27 02 | 37,445 |
| Pregnancy Assistance Fund Program     | 93.500 |       | 3,000  |

**Substance Abuse and Mental Health Services Administration**

*Passed through Oregon Department of Human Services*

|  |        |        |         |
|--|--------|--------|---------|
| Block Grants for Community Mental Health Services            | 93.958 | MHS-37 | 62,381  |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | A&D 70 | 164,767 |

**Centers for Disease Control**

*Passed through Oregon Health Authority*

|  |        |       |              |
|--|--------|-------|--------------|
| Public Health Preparedness and Response                                    | 93.069 | 27 02 | 84,019       |
| Project Grants and Cooperative Agreements for Tuberculosis Control Program | 93.116 |       | <u>2,768</u> |

|  |  |  |                |
|--|--|--|----------------|
| <b>Total Department of Health and Human Services</b> |  |  | <u>638,284</u> |
|--|--|--|----------------|

**DEPARTMENT OF HOMELAND SECURITY**

*Passed through Oregon State Police*

|                                  |        |  |                |
|----------------------------------|--------|--|----------------|
| Emergency Management Performance | 97.042 |  | 85,646         |
| Homeland Security Grant Program  | 97.067 |  | <u>134,702</u> |

|  |  |  |                |
|--|--|--|----------------|
| <b>Total Department of Homeland Security</b> |  |  | <u>220,348</u> |
|--|--|--|----------------|

|   |  |  |                     |
|---|--|--|---------------------|
| <b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b> |  |  | <u>\$ 2,265,427</u> |
|---|--|--|---------------------|

## **POLK COUNTY**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2018**

#### ***1. Basis of Presentation***

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Polk County under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Polk County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Polk County.

#### ***2. Summary of Significant Accounting Policies***

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs are charged as allowed by each individual grant.